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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 2026

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 Group for the year ended 30 June 2026. 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 2026 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 2026.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

	<i>Notes</i>	2026 HK\$'000	2025 HK\$'000
Continuing operations			
Revenue		70,426	116,785
Interest revenue		<u>–</u>	<u>510</u>
Total revenue	3	70,426	117,295
Cost of sales		<u>(53,710)</u>	<u>(90,706)</u>
Gross profit		16,716	26,589
Other income and other gains and losses	4	14,695	1,731
Selling and distribution expenses		(1,141)	(1,691)
Research and development expenses		(492)	–
Administrative expenses		<u>(50,416)</u>	<u>(53,080)</u>
Loss from operations		(20,638)	(26,451)
Impairment losses on exploration and evaluation assets	11	(15,561)	(5,752)
Expected credit losses (“ECLs”) on loans and interests receivables	14	–	(3,917)
ECLs on entrusted loans and interests receivables	15	(18)	–
ECLs on trade receivables	17(a)	(4)	–
Impairment of other receivables		–	(13,696)
Fair value changes on financial assets at fair value through profit or loss (“FVTPL”)		20	–
Gain on bargain purchase on acquisition of subsidiaries	23	4,663	–
Share of results of an associate		(43,148)	(29,637)
Finance costs	6	<u>(11,837)</u>	<u>(14,951)</u>
Loss before tax from continuing operations		(86,523)	(94,404)
Income tax credit/(expenses)	7	<u>27</u>	<u>(91)</u>
Loss for the year from continuing operations		<u>(86,496)</u>	<u>(94,495)</u>
Discontinued operations			
Loss for the year from discontinued operations	22	<u>–</u>	<u>(55,670)</u>
Loss for the year	8	<u>(86,496)</u>	<u>(150,165)</u>

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
<i>Notes</i>		
Loss for the year attributable to:		
Owners of the Company		
From continuing operations	(86,496)	(94,495)
From discontinued operations	<u>—</u>	<u>(52,208)</u>
	<u>(86,496)</u>	<u>(146,703)</u>
Non-controlling interests		
From continuing operations	—	—
From discontinued operations	<u>—</u>	<u>(3,462)</u>
	<u>—</u>	<u>(3,462)</u>
Loss for the year	<u>(86,496)</u>	<u>(150,165)</u>
Other comprehensive income/(loss):		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences reclassified to profit or loss upon disposal of subsidiaries	—	53,705
Exchange differences on translating foreign operations	866	(4,567)
Share of associates' exchange differences on translating foreign operations	<u>20,190</u>	<u>63,100</u>
	<u>21,056</u>	<u>112,238</u>
<i>Items that will not be reclassified to profit or loss:</i>		
Gain/(loss) on property revaluation	4,007	(131)
Fair value changes of financial assets (equity investments) at fair value through other comprehensive income (“FVTOCI”)	<u>(3,255)</u>	<u>(473)</u>
	<u>752</u>	<u>(604)</u>
Other comprehensive income for the year, net of tax	<u>21,808</u>	<u>111,634</u>
Total comprehensive loss for the year	<u>(64,688)</u>	<u>(38,531)</u>

	<i>Notes</i>	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(64,688)	(33,972)
Non-controlling interests		<u>—</u>	<u>(4,559)</u>
		<u>(64,688)</u>	<u>(38,531)</u>
			(Restated)
Loss per share	10		
From continuing and discontinued operations			
Basic (cents per share)		<u>(5.27)</u>	<u>(22.25)</u>
Diluted (cents per share)		<u>N/A</u>	<u>N/A</u>
From continuing operations			
Basic (cents per share)		<u>(5.27)</u>	<u>(14.33)</u>
Diluted (cents per share)		<u>N/A</u>	<u>N/A</u>
From discontinued operations			
Basic (cents per share)		<u>—</u>	<u>(7.92)</u>
Diluted (cents per share)		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	<i>Notes</i>	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Non-current assets			
Exploration and evaluation assets	11	9,950	25,623
Property, plant and equipment		445	59,849
Intangible assets	12	42,937	–
Right-of-use assets		785	263
Interests in an associate	13	541,472	564,430
Financial assets at FVTOCI		3,042	6,297
Entrusted loans and interests receivables	15	1,433	–
Deferred tax assets		65	–
		600,129	656,462
Current assets			
Inventories	16	–	20,813
Trade and other receivables	17	15,750	33,226
Loans and interests receivables	14	914	1,234
Entrusted loans and interests receivables	15	2,258	–
Amount due from an associate		21,881	21,881
Financial assets at FVTPL	18	19,190	–
Bank and cash balances	19	94,493	11,352
		154,486	88,506
Current liabilities			
Trade and other payables	20	(46,499)	(109,325)
Lease liabilities		(375)	(196)
Borrowings		(8,527)	(25,157)
Shareholders loans	21	–	(48,100)
Current tax liabilities		(2,567)	(5,847)
		(57,968)	(188,625)
Net current assets/(liabilities)		96,518	(100,119)
Total assets less current liabilities		696,647	556,343

	<i>Notes</i>	2026 HK\$'000	2025 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		(428)	–
Borrowings		–	(32,837)
Shareholders loans	21	(218,722)	(250,000)
Deferred tax liabilities		(5,741)	(14,412)
		<u>(224,891)</u>	<u>(297,249)</u>
NET ASSETS		<u>471,756</u>	<u>259,094</u>
Capital and reserves			
Share capital		1,648	513
Reserves		470,108	258,581
TOTAL EQUITY		<u>471,756</u>	<u>259,094</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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 during the period from 1 July 2025 to 2 August 2026 was Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. With effect from 3 August 2026, the address of the registered office of the Company in Bermuda has been changed to Richmond House, 12 Par-la-Ville Road, Hamilton HM 08, Bermuda. The address of its principal place of business during the period from 1 July 2025 to 27 August 2025 was Room 1005, 10/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. With effect from 28 August 2025, the principal place of business of the Company has been changed to Suite 1909B, 19/F., Tower 3, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activities of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 30 June 2026 are manufacturing and sales of healthcare and household products, coal mining business and the research and development of the software applications for the beauty and wellness industry.

Upon the disposal of the Group’s wholly owned subsidiary, Hong Kong Zhongzheng City Investment Limited (“**Property Business Disposal**”), in July 2024, the Group had discontinued its operations of property development and primary land development in the People’s Republic of China (the “**PRC**”) (note 22).

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 2025. 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 application of these new and revised HKFRS Accounting Standards will not have material impact on the consolidated financial statements of the Group except for the adoption of HKFRS 18 as mentioned below.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made. HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

3. REVENUE

	2026 HK\$'000	2025 HK\$'000
Manufacture and sales of healthcare and household products	69,120	115,183
Royalty income on coal mining	398	1,602
IT services fee income on software applications for the beauty and wellness industry	908	—
Revenue from contracts with customers	70,426	116,785
Interest revenue	—	510
Total revenue	70,426	117,295
Timing of revenue recognition for revenue from contracts with customers		
– At a point in time	69,518	116,785
– Over time	908	—
	70,426	116,785

Note:

Disaggregation of revenue from contracts with customers:

Segments	2026				2025		
	IT services fee income on software applications for the beauty and wellness industry	Healthcare and household products	Coal mining	Total revenue	Healthcare and household products	Coal mining	Total revenue
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical markets							
United States of America	-	40,761	-	40,761	94,164	-	94,164
The People's Republic of China (the "PRC")	908	92	-	1,000	20	-	20
Germany	-	2,438	-	2,438	5,926	-	5,926
France	-	305	-	305	231	-	231
United Kingdom	-	1,327	-	1,327	-	-	-
Indonesia	-	-	398	398	-	1,602	1,602
Hong Kong and others	-	24,197	-	24,197	14,842	-	14,842
Total	<u>908</u>	<u>69,120</u>	<u>398</u>	<u>70,426</u>	<u>115,183</u>	<u>1,602</u>	<u>116,785</u>

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 0 to 120 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.

IT services fee income on software applications for the beauty and wellness industry

The Group receives IT services income from the customers for the use of the Group's software applications by the customers from the beauty and wellness industry. IT services income is recognised when the Group's software applications is used by the customers in accordance with the terms and conditions of the IT services agreement.

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.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2026 HK\$'000	2025 HK\$'000
Income from scrap sales	1,200	412
Interest income	1,194	16
Net exchange gains	314	1,082
Gain on Debt Capitalisation (<i>note 21</i>)	9,587	–
Interest income from an associate	–	874
Gain on disposal of property, plant and equipment	2,250	–
Written off of property, plant and equipment	(794)	(2)
Others	944	223
	14,695	2,605
Representing		
Continuing operations	14,695	1,731
Discontinued operations	–	874
	14,695	2,605

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 2026, the Group has three (2025: two) reportable segments: manufacture and sales of healthcare and household products, coal mining business and the beauty and wellness business.

During the year ended 30 June 2026, the Group introduced a new business i.e. Beauty and wellness business, through the acquisition of Elise Beauty Group Limited (note 23), which is engaged in the research and development of software applications for the beauty and wellness industry business. This new business is considered as a new operating and reportable segment by the CODM.

Segment profits or losses do not include unallocated share of results of an associate, unallocated finance costs and unallocated corporate income and expenses. Segment assets do not include interests in an associate and other unallocated corporate assets. Segment liabilities do not include shareholders loans and other unallocated corporate liabilities. Additions to segment non-current assets do not include deferred tax assets and financial instruments.

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

	Beauty and wellness business <i>HK\$'000</i>	Manufacturing and trading of healthcare and household products <i>HK\$'000</i>	Coal mining business <i>HK\$'000</i>	Total <i>HK\$'000</i>
2026				
Revenue	908	69,120	398	70,426
Segment profit/(loss)	4,567	(14,345)	(17,121)	(26,899)
Finance costs	–	(638)	–	(638)
Depreciation and amortisation	(440)	(1,966)	(112)	(2,518)
Impairment of assets	–	–	(15,561)	(15,561)
ECLs on financial assets	(22)	–	–	(22)
Income tax credit	27	–	–	27
Fair value changes on financial assets at FVTPL	20	–	–	20
Gain on bargain purchase on acquisition of subsidiaries	4,663	–	–	4,663
Additions to segment non-current assets	43,525	111	–	43,636
At 30 June 2026				
Segment assets	70,790	19,401	11,063	101,254
Segment liabilities	7,664	30,390	1,703	39,757
		Manufacturing and trading of healthcare and household products <i>HK\$'000</i>	Coal mining business <i>HK\$'000</i>	Total <i>HK\$'000</i>
2025				
Revenue		115,183	1,602	116,785
Segment loss		(14,804)	(4,982)	(19,786)
Finance costs		(1,074)	–	(1,074)
Depreciation and amortisation		(3,316)	(325)	(3,641)
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

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

	2026 HK\$'000	2025 HK\$'000
Revenue:		
Healthcare and household products business	69,120	115,183
Coal mining business	398	1,602
Interest income from money lending business	–	510
Research and development of software applications for beauty and wellness industry business	908	–
Consolidated revenue for the year	70,426	117,295
Profit or loss:		
Total loss of reportable segments	(26,899)	(19,786)
Share of results of an associate	(43,148)	(29,637)
Finance costs	(11,199)	(21,037)
Corporate and unallocated loss	(5,250)	(79,705)
Consolidated loss for the year	(86,496)	(150,165)
	2026 HK\$'000	2025 HK\$'000
Assets:		
Total assets of reportable segments	101,254	147,361
Corporate and unallocated assets:		
– Bank and cash balances	83,943	1,303
– Interest in an associate	541,472	564,430
– Others	27,946	31,874
Consolidated total assets	754,615	744,968
Liabilities:		
Total liabilities of reportable segments	39,757	137,484
Corporate and unallocated liabilities		
– Shareholders loans	218,722	298,100
– Others	24,380	50,290
Consolidated total liabilities	282,859	485,874

Geographical information:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Revenue:		
United States of America ("US")	40,761	94,164
The PRC	1,000	20
Germany	2,438	5,926
France	305	231
United Kingdom	1,327	–
Indonesia	398	1,602
Hong Kong and others	24,197	15,352
	<u>70,426</u>	<u>117,295</u>

In presenting the geographical information, revenue is based on the locations of the customers.

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Non-current assets:		
Indonesia	9,951	25,623
The PRC	43,370	59,816
Hong Kong and others	542,268	564,726
	<u>595,589</u>	<u>650,165</u>

Revenue from major customers:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Healthcare and household products business segment		
Customer A	11,206	63,255
Customer B	34,917	34,891

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

6. FINANCE COSTS

	2026 HK\$'000	2025 HK\$'000
Interest on other loans	336	2,863
Interest on bank loans	638	5,936
Interest on shareholders loans	10,816	13,243
Lease interests	47	69
	<u>11,837</u>	<u>22,111</u>
Representing		
Continuing operations	11,837	14,951
Discontinued operations	–	7,160
	<u>11,837</u>	<u>22,111</u>

7. INCOME TAX (CREDIT)/EXPENSES

	2026 HK\$'000	2025 HK\$'000
Current tax – PRC Enterprise Income Tax		
– Provision for the year	31	60
– Deferred tax	(58)	–
Hong Kong Profits Tax		
– Under-provision in prior years	–	65
	<u>(27)</u>	<u>125</u>
Representing		
Continuing operations	(27)	91
Discontinued operations	–	34
	<u>(27)</u>	<u>125</u>

Foshan YS Technology Co., Ltd.[#] (“**Foshan YS**”) was recognised by relevant Mainland China authorities as National High and New Technological Enterprise (“**NHNT**”) and is entitled to a preferential enterprise income tax rate of 15% from 2024 to 2027. Certain subsidiaries of the Group established in the PRC qualify as Small and Low-profit Enterprises and are subject to the preferential PRC tax treatments, under which their annual taxable income up to RMB3,000,000 is taxed at a reduced effective rate of 5% (calculated at 20% on 25% of the taxable income). Other subsidiaries established in the PRC are subject to the standard PRC enterprise income tax of 25% on their profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the tax purposes.

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 (2025: 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 (credit)/expense and the loss before tax multiplied by Hong Kong Profits Tax rate is as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Loss before tax	(86,523)	(150,040)
Add: Share of results of associated companies	<u>43,148</u>	<u>29,637</u>
	<u>(43,375)</u>	<u>(120,403)</u>
Tax at the domestic income tax rate of 16.5% (2025: 16.5%)	(7,157)	(19,867)
Tax effect of non-taxable income	(966)	(101)
Tax effect of non-deductible expenses	6,168	16,993
Under-provision in prior years	–	65
Super deduction for research and development expenses (<i>Note i</i>)	(21)	–
Tax effect of tax losses not recognised	3,677	3,035
Utilisation of tax losses previously not recognised	(1,731)	–
Effect of different tax rates of subsidiaries	<u>3</u>	<u>–</u>
Income tax (credit)/expense for the year	<u><u>(27)</u></u>	<u><u>125</u></u>

Note (i)

Super deduction for research and development expenses

According to the relevant laws and regulations promulgated by the State Tax Bureau of the People's Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim up to 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“**Super Deduction**”). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entity, i.e. Foshan YS, in ascertaining its assessable profits during the year ended 30 June 2026.

The English name is for identification purpose only

8. LOSS FOR THE YEAR

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

	2026 HK\$'000	2025 HK\$'000
Auditor's remuneration	965	800
Cost of inventories sold [#]	53,710	90,706
Depreciation - property, plant and equipment	2,013	3,462
Depreciation - right of use assets	608	1,050
Amortisation of intangible assets (note 12)	420	–
Amortisation of exploration and evaluation assets (note 11)	112	325
Impairment loss on exploration and evaluation assets (note 11)	15,561	5,752
ECLs on loan and interests receivables (note 14)	–	3,917
ECLs on entrusted loan and interests receivables (note 15)	18	–
ECLs on trade receivables (note 17(a))	4	–
Impairment of other receivables	–	13,696
Research and development expenses	492	–
Gain on disposal of property, plant and equipment	(2,250)	–
Written off of property, plant and equipment	794	2
Bad debts written off	460	–
Net exchange gain	(314)	(1,082)
Short term lease expenses	32	54
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	42,413	54,949
– Retirement benefits scheme contributions	4,162	6,852
	46,575	61,801

[#] Cost of inventories sold includes staff costs and depreciation of approximately HK\$16,298,000 in total (2025: approximately HK\$28,754,000), 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 2026 (2025: 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\$86,496,000 (2025: HK\$146,703,000) and the weighted average number of ordinary shares of approximately 1,639,747,000 (2025: 659,372,000), both as adjusted to reflect the rights issue in August 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\$86,496,000 (2025: HK\$94,495,000) 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\$Nil (2025: HK\$52,208,000) and the denominator used is the same as that detailed above for basic loss per share.

Diluted loss per share

No diluted loss per share is presented as the Company did not have any outstanding dilutive potential ordinary shares during both years ended 30 June 2026 and 2025.

11. EXPLORATION AND EVALUATION ASSETS

	Exploration and exploitation rights (note a) HK\$'000	Others (note b) HK\$'000	Total HK\$'000
Cost			
At 1 July 2024, 30 June 2025, 1 July 2025 and 30 June 2026	444,127	17,904	462,031
Accumulated impairment and amortisation			
At 1 July 2024	412,427	17,904	430,331
Impairment losses (note c)	5,752	–	5,752
Amortisation	325	–	325
At 30 June 2025 and 1 July 2025	418,504	17,904	436,408
Impairment losses (note d)	15,561	–	15,561
Amortisation	112	–	112
At 30 June 2026	434,177	17,904	452,081
Carrying amount			
At 30 June 2026	9,950	–	9,950
At 30 June 2025	25,623	–	25,623

- (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) 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 was negotiating with the Contractor for remedial actions to restore to the pre-agreed production level. In the meanwhile, the Group was considering options to engage a subcontractor to cooperate with the Contractor or to take over the mining activities.

Since the Contractor had not been able to meet the production level up to 30 June 2025 in accordance with the mining plan, the Group 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 were 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 was 22%. Accordingly, an impairment loss of approximately HK\$5,752,000 was recognised during the year ended 30 June 2025.

- (d) In early 2026, the Indonesian Government requested the coal mine to reduce its proposed annual coal production quota for 2026 from 600,000 tonnes to 21,500 tonnes as there was a change in the policy direction of Indonesia's authorities to reduce and consolidate coal production among major operators to sustain coal prices. This was followed by a further policy announcement in May 2026 to centralise the export of certain strategic natural resources, including coal, through a government-appointed state-owned enterprise. The significantly reduced production quota renders the original production and sales plan impracticable, the continued operation of the coal mining business was considered uneconomical in the circumstances and therefore the directors of the Company decided to dispose the coal mine.

On 6 August 2026, the Group entered into a sale and purchase agreement (the “**Mine Disposal Agreement**”) with the purchaser to sell the entire issued share capital of the PT Karya Dasar Bumi (“**Mine Disposal Company**”), an indirect wholly-owned subsidiary of the Company established in Indonesia, and the entire amount of the outstanding intercompany balances owing by the Mine Disposal Company and its subsidiary (collectively referred as the “**Mine Disposal Group**”) to the Group, at an aggregate cash consideration of US\$1,200,000 (equivalent to approximately HK\$9.4 million). Accordingly, an impairment loss of approximately HK\$15,561,000 was recognised during the year ended 30 June 2026 with reference to the latest recoverable amount of the coal mine, i.e. consideration as per Mine Disposal Agreement.

12. INTANGIBLE ASSETS

	Backlogs	Technology knowhow	Customer relationship	Computer software	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note)</i>	<i>(Note)</i>	<i>(Note)</i>	<i>(Note)</i>	
Cost					
At 1 July 2024, 30 June 2025 and 1 July 2025	–	–	–	–	–
Acquisition of subsidiaries (note 23)	19,767	13,444	5,428	4,886	43,525
Exchange differences	(76)	(52)	(21)	(20)	(169)
At 30 June 2026	19,691	13,392	5,407	4,866	43,356
Accumulated amortisation and impairment					
At 1 July 2024, 30 June 2025 and 1 July 2025	–	–	–	–	–
Charge for the year (note 8)	274	70	22	54	420
Exchange differences	(1)	–	–	–	(1)
At 30 June 2026	273	70	22	54	419
Carrying amounts					
At 30 June 2026	19,418	13,322	5,385	4,812	42,937
At 30 June 2025	–	–	–	–	–

Notes:

All of the above intangible assets were purchased as part of business combination of Elise Beauty Group Limited (note 23) during the year ended 30 June 2026.

Such intangible assets are amortised on a straight-line basis over the following periods:

Backlogs	3 years
Technology knowhow	8 years
Customer relationship	10 years
Computer software	3 to 5 years

13. INTERESTS IN AN ASSOCIATE

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Unlisted investment		
Share of net assets	541,472	564,430

The following table shows information of an associate that is material to the Group. The associate is accounted for in the consolidated financial statements using the equity method.

Name	Pacific Memory SDN BHD
Principal place of business/ country of incorporation	Malaysia
Principal activities	Properties development in Malaysia
% ownership interests	35%

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Non-current assets	–	–
Current assets	2,139,703	2,218,716
Non-current liabilities	(498,548)	(518,067)
Current liabilities	(94,093)	(87,993)
Net assets (net of non-controlling interests)	1,547,062	1,612,656
Group's share of net assets	541,472	564,430

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Revenue	–	–
Loss for the year	(123,280)	(84,678)
Other comprehensive income	57,686	180,285
Total comprehensive (loss)/income	(65,594)	95,607

14. LOANS AND INTERESTS RECEIVABLES

	2026 HK\$'000	2025 HK\$'000
Loans receivables	37,633	37,953
Impairment allowance	(36,857)	(36,857)
	<u>776</u>	<u>1,096</u>
Interests receivables	7,985	7,985
Impairment allowance	(7,847)	(7,847)
	<u>138</u>	<u>138</u>
	<u>914</u>	<u>1,234</u>
Analysed for reporting purposes as:		
– Current assets	<u>914</u>	<u>1,234</u>

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

	2026 HK\$'000	2025 HK\$'000
Over 365 days	<u>776</u>	<u>1,096</u>

The Group has ceased to grant new loans under its money lending business. The loans advanced to the borrowers were granted prior to the year ended 30 June 2023 and were at the time of grant with loan periods from 6 to 12 months (2025: 6 to 12 months). The loans provided to borrowers bore interest rate ranging from 7% – 24% per annum (2025: 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 expected credit losses of loans and interests receivables were as follows:

	2026 HK\$'000	2025 <i>HK\$'000</i>
At 1 July	44,704	44,987
ECLs recognised during the year (<i>note 8</i>)	–	3,917
Written off during the year	–	(4,200)
At 30 June	44,704	44,704

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all loans and interests receivables. To measure the expected credit losses, loans and interests receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Over 365 days past due	Total
At 30 June 2026		
Weighted average expected loss rate	98.0%	
Receivable amount (HK\$'000)	45,618	45,618
Loss allowance (HK\$'000)	44,704	44,704
At 30 June 2025		
Weighted average expected loss rate	97.3%	
Receivable amount (HK\$'000)	45,938	45,938
Loss allowance (HK\$'000)	44,704	44,704

15. ENTRUSTED LOANS AND INTERESTS RECEIVABLES

	2026 HK\$'000	2025 HK\$'000
Entrusted loan receivables	3,688	–
Impairment allowance	(18)	–
	<u>3,670</u>	<u>–</u>
Entrusted loan interests receivables	21	–
Impairment allowance	–	–
	<u>21</u>	<u>–</u>
Analysed for reporting purposes as:		
– Non-current assets	1,433	–
– Current assets	2,258	–
	<u>3,691</u>	<u>–</u>

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

	2026 HK\$'000	2025 HK\$'000
Over 365 days	<u>3,670</u>	<u>–</u>

During the year ended 30 June 2026, the Group introduced a new business through the acquisition of Elise Beauty Group Limited (note 23), which is engaged in the research and development of software applications for the beauty and wellness industry business. Foshan YS, a subsidiary of Elise Beauty Group Limited, advanced entrusted loans to its customers and were at the time of grant with loan period of 48 months (2025: N/A). The loans provided to customers bore interest rate ranging from 1% – 1.1% per annum (2025: N/A).

The movements in allowance for expected credit losses of entrusted loans and interests receivables were as follows:

	2026 HK\$'000	2025 HK\$'000
At 1 July	–	–
ECLs recognised during the year (note 8)	<u>18</u>	<u>–</u>
At 30 June	<u>18</u>	<u>–</u>

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all entrusted loans and interests receivables. To measure the expected credit losses, entrusted loans and interests receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Within 365 days past due	Total
At 30 June 2026			
Weighted average expected loss rate	0%	100%	
Receivable amount (HK\$'000)	3,691	18	3,709
Loss allowance (HK\$'000)	–	18	18
16. INVENTORIES			
		2026 HK\$'000	2025 HK\$'000
Raw materials		–	11,126
Work in progress		–	1,779
Finished goods		–	7,908
		–	20,813
17. TRADE AND OTHER RECEIVABLES			
	Note	2026 HK\$'000	2025 HK\$'000
Trade receivables	a	9,119	30,213
Less: allowance for impairment losses	a	(3)	–
		9,116	30,213
Prepayment and deposits		3,600	729
Prepaid tax		784	743
Consideration receivable on disposal of land and buildings		1,731	–
Other receivables		519	1,541
		15,750	33,226

	30 June 2026 HK\$'000	30 June 2025 HK\$'000	1 July 2024 HK\$'000
(a) Contract receivables (included in trade receivables)	9,119	30,213	30,025

Trade receivables

The Group allows an average credit period of 0 to 120 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:

	2026 HK\$'000	2025 HK\$'000
0 to 30 days	5,015	12,498
31 to 90 days	2,929	14,194
91 to 180 days	19	2,230
Over 180 days	1,153	1,291
	9,116	30,213

Movements of allowance for expected credit losses for trade receivables is as below:

	2026 HK\$'000	2025 HK\$'000
At 1 July	–	–
Increase in expected credit losses for the year (<i>note 8</i>)	4	–
Exchange differences	(1)	–
At 30 June	3	–

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Within 180 days past due	Over 180 days past due	Total
At 30 June 2026				
Weighted average expected loss rate	0%	0.1%	0%	
Receivable amount (HK\$'000)	5,909	2,428	782	9,119
Loss allowance (HK\$'000)	–	3	–	3
At 30 June 2025				
Weighted average expected loss rate	0%	N/A	0%	
Receivable amount (HK\$'000)	28,922	–	1,291	30,213
Loss allowance (HK\$'000)	–	–	–	–

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2026 HK\$'000	2025 HK\$'000
Fixed income wealth management products		
– analysed as current assets	19,190	–

19. BANK AND CASH BALANCES

Bank and cash balances are denominated in the following currencies:

	2026 HK\$'000	2025 HK\$'000
RMB	3,833	1,612
Hong Kong Dollar	85,283	2,191
US Dollar	5,326	7,548
Other currencies	51	1
	94,493	11,352

As at 30 June 2026, the bank and cash balances of the Group denominated in RMB amounted to approximately HK\$3,833,000 (2025: approximately HK\$1,612,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

20. TRADE AND OTHER PAYABLES

	<i>Note</i>	2026 HK\$'000	2025 <i>HK\$'000</i>
Trade payables	a	5,156	27,441
Accruals and other payables		28,307	56,039
Loan interest payables		12,749	23,997
Amounts due to directors		180	1,848
Contract liabilities		107	–
		46,499	109,325

(a) Trade payables

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

	2026 HK\$'000	2025 <i>HK\$'000</i>
0 to 30 days	332	5,315
31 to 90 days	1,587	12,517
91 to 180 days	1,221	6,806
Over 180 days	2,016	2,803
	5,156	27,441

	30 June 2026 HK\$'000	30 June 2025 <i>HK\$'000</i>	1 July 2024 <i>HK\$'000</i>
Contract liabilities	107	–	171,922

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

	2026 HK\$'000	2025 <i>HK\$'000</i>
– 2027	107	–

Movements in contract liabilities during the year:

	2026 HK\$'000	2025 HK\$'000
At 1 July	–	171,922
Increase due to operations	107	1,180
Disposal of subsidiaries	–	(174,143)
Exchange differences	–	1,041
	<u>–</u>	<u>–</u>
At 30 June	<u>107</u>	<u>–</u>

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.

21. SHAREHOLDERS LOANS

	2026 HK\$'000	2025 HK\$'000
Shareholders loans	<u>218,722</u>	<u>298,100</u>
Analysed for reporting purposes as:		
– Current liabilities	–	48,100
– Non-current liabilities	<u>218,722</u>	<u>250,000</u>
	<u>218,722</u>	<u>298,100</u>

Two shareholder's loans due to Mr. Lim Kim Chai, J.P. ("**Mr. Lim**") in the principal amounts of HK\$230,000,000 and HK\$20,000,000 respectively were unsecured, interest bearing at 5% and 2.2% per annum respectively and were repayable by 31 December 2024. Pursuant to the terms of agreement regarding the Property Business Disposal (note 22), upon the completion of the Property Business Disposal and on 22 July 2024, the repayment date of the principal of the shareholders loans amounting to HK\$250,000,000 plus accrued interests was extended from 31 December 2024 to 31 December 2027.

A shareholder's loan due to Mr. Low Thiam Herr ("**Mr. Low**") in the principal amount of HK\$32,600,000 was unsecured, interest bearing at 2.2% per annum and was repayable within one year. Four other shareholder's loans due to Mr. Low in the principal amounts of HK\$3,000,000, HK\$1,500,000, HK\$5,000,000 and HK\$6,000,000 were unsecured, interest bearing at 5% per annum and were repayable by 31 December 2025.

On 15 May 2025, the Company entered into the debt capitalisation agreements with Mr. Low and Mr. Lim, pursuant to which the Company agreed to allot and issue 289,574,140 shares and 215,000,000 shares to Mr. Low and Mr. Lim respectively at issue price of HK\$0.20 per share. The aggregate amount of the issued shares of approximately HK\$100,915,000 was set off against, on a dollar-to-dollar basis, all shareholder's loans and accrued interest payable by the Company to Mr. Low amounting to approximately HK\$48,100,000 and HK\$9,815,000 respectively, and part of the shareholder's loans and accrued interest payable by the Company to Mr. Lim amounting to approximately HK\$31,278,000 and HK\$11,722,000 respectively (the **"Debt Capitalisation"**).

Completion of the Debt Capitalisation took place on 15 July 2025. The fair value of the shares issued under the Debt Capitalisation was approximately HK\$91,328,000 which was determined based on the closing market price of HK\$0.181 per share at the date of completion. Accordingly, a gain on the Debt Capitalisation of approximately HK\$9,587,000 (note 4) was recognised in other income and other gains and losses during the year ended 30 June 2026. In addition, Mr. Low and Mr. Lim waived all other interests that accrued on the loans to be capitalised for the period from 1 May 2025 to the date of completion of the Debt Capitalisation, i.e. 15 July 2025, amounting to approximately HK\$313,000 and HK\$215,000 respectively. Such amounts were recognised as contributions from shareholders in other reserves during the year ended 30 June 2026.

22. 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 (**"Property Business 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 **"Property Business Disposal"**). The consideration for the Property Business 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 Property Business Disposal Agreement. The Property Business 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 Property Business 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 HK\$'000
Loss of discontinued operations	(7,619)
Loss on disposal of discontinued operations	<u>(48,051)</u>
	<u><u>(55,670)</u></u>

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

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

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

	<i>HK\$'000</i>
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 Property Business Disposal Agreement	53,700
Total consideration	53,700
Net cash outflow arising on disposal:	
Cash consideration received	–
Cash and cash equivalents disposed	(16,123)
	(16,123)

23. ACQUISITION OF ELISE BEAUTY GROUP LIMITED

On 31 December 2025 (the “**Elise Beauty Agreement Date**”), the Company and the vendor entered into a sale and purchase agreement to acquire, (i) the entire equity interest in Elise Beauty Group Limited (“**Elise Beauty**”); and (ii) the entire amount of the outstanding shareholder’s loan owing by Elise Beauty to the vendor, for an aggregate consideration of HK\$62,500,000 (the “**Elise Beauty Acquisition**”), which shall be satisfied by way of allotment and issue of a total of 341,903,719 consideration shares at issue price of HK\$0.1828 per consideration share by the Company to the vendor. Elise Beauty and its subsidiaries are principally engaged in research and development of software applications encompassing digital empowerment solutions and Software-as-a-Service (“**SaaS**”) software application for the beauty and wellness industry in the Guangdong area of the PRC. The Elise Beauty Acquisition was completed on 15 June 2026.

The fair values of identifiable assets and liabilities of Elise Beauty as at the date of acquisition are as follows:

	<i>HK\$’000</i>
Property, plant and equipment	454
Intangible assets (<i>note 12</i>)	43,525
Entrusted loans and interests receivables	4,004
Trade and other receivables	1,695
Deferred tax assets	62
Bank and cash balances	2,128
Financial assets at FVTPL	18,085
Trade and other payables	(1,336)
Current tax liabilities	(377)
Deferred tax liabilities	(5,796)
Net assets acquired of:	62,444
Total consideration satisfied by issue of 341,903,719 ordinary shares of the Company	(57,781)
Gain on bargain purchase on acquisition of subsidiaries	4,663
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	2,128

The fair value of the 341,903,719 shares of the Company (the “**Consideration Shares**”) issued as the consideration paid was determined on the basis of the closing market price of HK\$0.169 of the Company’s ordinary shares on the acquisition date.

The fair values of the trade and other receivables and the entrusted loans and interest receivables acquired are approximately HK\$1,695,000 and HK\$4,004,000 respectively. The gross amounts due of the trade and other receivables and the entrusted loans and interest receivables under the contracts are approximately HK\$1,879,000 and HK\$4,235,000 respectively, of which approximately HK\$184,000 and HK\$231,000 are expected to be uncollectible.

The Group recognised a gain on bargain purchase of approximately HK\$4,663,000 in the business combination.

The issue price of the Consideration Shares of HK\$0.1828 per share was determined with reference to the average of the closing prices per share for the last five trading days as quoted on The Stock Exchange of Hong Kong Limited immediately prior to and including the last trading day immediately preceding the Elise Beauty Agreement Date. Since the fair value of the Consideration Shares decreased as the closing market price of the Company's ordinary shares decreased to HK\$0.169 per share on the acquisition date, business combination resulted in a gain on bargain purchase.

Elise Beauty contributed revenue amount to approximately HK\$908,000 to the Group's revenue and incurred a profit of approximately HK\$275,000 for the period between the date of acquisition and the end of the reporting period. If the acquisition had been completed on 1 July 2025, the Group's revenue and net loss for the year ended 30 June 2026 would have been approximately HK\$95,629,000 and HK\$71,954,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2025, nor is it intended to be a projection of future performance.

24. RELATED PARTY BALANCES AND TRANSACTIONS

(a) The Group had the following transactions with its related parties during the year:

	2026 HK\$'000	2025 HK\$'000
Interest income from an associate (<i>note 4</i>)	–	(874)
Interest expenses on shareholders loans (<i>note 6</i>)	<u>10,816</u>	<u>13,243</u>

(b) The Group had the following balances with its related parties during the year:

	2026 HK\$'000	2025 HK\$'000
Amount due from an associate	21,881	21,881
Borrowing from the chief financial officer of the Company	(2,800)	–
Shareholders loans (<i>note 21</i>)	<u>(218,722)</u>	<u>(298,100)</u>

(c) Compensation of key management personnel of the Group

	2026 HK\$'000	2025 HK\$'000
Basic salaries, fees and allowances	6,235	6,016
Retirement benefits scheme contributions	<u>77</u>	<u>89</u>
	<u>6,312</u>	<u>6,105</u>

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 2026 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 2026.

“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 2026, 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 17(c) 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 authorisation of the consolidated financial statements for the year ended 30 June 2025, 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.

As set out in note 17(d) to the consolidated financial statements, during the year ended 30 June 2026, the Indonesian Government significantly reduced the annual coal production quota for 2026 as there was a change in the policy, the continued operation of the coal mining business is considered uneconomical in the circumstances. Accordingly on 6 August 2026, the Group entered into a sale and purchase agreement with the purchaser to sell the entire issued share capital of the PT Karya Dasar Bumi and the entire amount of the outstanding intercompany balances owing by the PT Karya Dasar Bumi and its subsidiary to the Group. Accordingly, an impairment loss of approximately HK\$15,561,000 was recognised during the year ended 30 June 2026 with reference to the latest recoverable amount of the coal mine, i.e. consideration as per the sale and purchase agreement. Given the insufficient appropriate audit evidence to support the carrying amount of the exploration and evaluation assets as at 30 June 2025, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as 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\$15,561,000 for the year ended 30 June 2026.

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

The Group's interest in an associate, Chengde CITIC Securities Jinyu Investment Development Co., Ltd ("**Chengde Jinyu**") incurred severe financial difficulties and suspended its business operations from February 2023. Full Impairment for this interest in an associate was recognized during the year ended 30 June 2024. As mentioned in note 37 to the consolidated financial statements, Chengde Jinyu was disposed of on 22 July 2024. During the period from 1 July 2024 to the date of the disposal on 22 July 2024, no share of result of an associate, share of associate's exchange differences on translating foreign operation or reversal of impairment were recognised. Since the management of the Company was unable to obtain complete accounting books and records of Chengde Jinyu, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the carrying amount of the interest in associate as at 22 July 2024, the share of result and share of associate's exchange differences for the period from 1 July 2024 to 22 July 2024 have been accurately recorded and properly accounted for in the consolidated financial statements, and any reversal of impairment for the interest in an associate should be made for the period from 1 July 2024 to 22 July 2024.

3. **Properties under development for sales**

As mentioned in note 37 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 22 July 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. 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 22 July 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 as at 22 July 2024 (note 37) and any written down or reversal of written down of properties under development for sales should be recognised for the period from 1 July 2024 to 22 July 2024.

4. **Other receivables**

During the year ended 30 June 2025, the Group entered into a settlement deed with Joyful Treasure Enterprises Limited ("**Joyful Treasure**") and the guarantor of Joyful Treasure and agreed on the full settlement of the remaining consideration in connection with the disposal of 100% equity interest in Ample One Limited in May 2019 by transferring 3,000,000 common shares of a company listed in U.S. ("**Settlement Shares**") owed by the guarantor 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 has been properly recognised during the year ended 30 June 2025.

5. Borrowings

The Group noted from a public notice in December 2023 issued by Guangzhou Enterprises Mergers and Acquisitions Services (廣州產權交易所) that the bank borrowings of a non-wholly owned subsidiary of Hong Kong Zhongzheng City Investment Limited (which had been disposed of by the Group on 22 July 2024 as set out in note 37 to the consolidated financial statements) had been disposed of by the bank as non-performing loans. The Group tried to contact 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 appropriate 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 as at 22 July 2024 (as included in borrowings in note 37) and the completeness and accuracy of finance costs related to bank borrowings of approximately HK\$4,862,000 for the period from 1 July 2024 to 22 July 2024.

6. Loss on disposal of discontinued operations

As set out in note 37 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 2026 and 2025 and the financial position of the Group as at 30 June 2025, 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**”) as applicable to audits of financial statements of public interest entities. We have also 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.

Background of the qualified opinion

The basis of the qualified opinion of the Auditors on the consolidated financial statements of the Group for FY2025/26 comprises six matters, of which five (namely the qualifications relating to (i) interest in an associate and amount due from an associate; (ii) properties under development for sales; (iii) other receivables; (iv) borrowings; and (v) loss on disposal of discontinued operations) relate solely to the figures for FY2024/25 as comparatives and/or the opening balances as at 1 July 2024 carried forward from the year ended 30 June 2024, and do not affect the closing balances of the Group as at 30 June 2026. The remaining qualification relates to the exploration and evaluation assets.

Qualifications relating to comparative figures only

Qualifications relating to (i) interest in an associate and amount due from an associate; (ii) properties under development for sales; (iv) borrowings; and (v) loss on disposal of discontinued operations all relate to Hong Kong Zhongzheng City Investment Limited (“**HKZC**”), the disposal of which was completed on 22 July 2024, and concern solely the period from 1 July 2024 to 22 July 2024. As HKZC and its subsidiaries ceased to be members of the Group upon completion of the disposal and their financial results were deconsolidated from the consolidated financial statements of the Group in FY2024/25, these qualifications do not affect the financial position of the Group as at 30 June 2026 and will no longer affect the consolidated financial statements of the Group after FY2025/26, when the relevant comparative figures are no longer presented.

The qualification relating to other receivables relates to a consideration receivable as at 30 June 2024 which was fully settled in May 2025 by way of transfer of certain shares of a public listed company to the Group. This qualification relates solely to the impairment loss recognised for FY2024/25 as a comparative figure and does not affect the financial position of the Group as at 30 June 2026.

Qualification relating to exploration and evaluation assets

The remaining qualification relates to the exploration and evaluation assets in respect of the PT Bara Mine. As the Auditors were unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the recoverability of the carrying amount of the exploration and evaluation assets as at 30 June 2025, they were unable to satisfy themselves as to the appropriateness of the recognition of the related impairment loss of approximately HK\$15,561,000 for FY2025/26. Such impairment loss was recognised

during FY2025/26 with reference to the latest recoverable amount of the coal mine, being the consideration under the Coal Mine Disposal agreement entered into on 6 August 2026. As at 30 June 2026, the carrying amount of the exploration and evaluation assets was approximately HK\$9,950,000. Upon completion of the Coal Mine Disposal, the exploration and evaluation assets will be derecognised from the consolidated statement of financial position of the Group, and accordingly the Management and the Audit Committee expect that this qualification will be fully addressed in the consolidated financial statements of the Group for the year ending 30 June 2027.

The Management, the Board and the Audit Committee have reviewed and agreed with the basis of the qualified opinion, and will continue to use their best endeavours to resolve the remaining qualification.

BUSINESS REVIEW

Results for the year ended 30 June 2026

The Group recorded total revenue of approximately HK\$70,426,000 for the year ended 30 June 2026 (“FY2025/26”), representing a decrease of approximately 40.0% as compared with approximately HK\$117,295,000 for the year ended 30 June 2025 (“FY2024/25”). The decrease in revenue was mainly attributable to the decline in sales of the Group’s healthcare and household products business segment, as further discussed in the segment review below.

Gross profit decreased to approximately HK\$16,716,000 (FY2024/25: approximately HK\$26,589,000), while the gross profit margin improved slightly to approximately 23.7% (FY2024/25: approximately 22.7%), reflecting the Group’s rigorous cost optimisation and operational efficiency enhancement measures implemented during FY2025/26.

The consolidated loss attributable to owners of the Company for FY2025/26 amounted to approximately HK\$86,496,000, representing a substantial decrease of approximately 41.0% as compared with approximately HK\$146,703,000 for FY2024/25. The loss for FY2025/26 was wholly derived from continuing operations, whereas the loss for FY2024/25 comprised a loss from continuing operations of approximately HK\$94,495,000 and a loss from discontinued operations of approximately HK\$52,208,000 in relation to the disposal of the Group’s property development and primary land development businesses in the PRC which was completed on 22 July 2024.

The loss from continuing operations for FY2025/26 narrowed by approximately 8.5% as compared with FY2024/25, which was mainly attributable to (i) the recognition of a gain on the Debt Capitalisation (as defined in note 21) of approximately HK\$9,587,000; (ii) the recognition of a gain on disposal of property, plant and equipment of approximately HK\$2,250,000 arising from the disposal of the Group’s factory plant and equipment in Dongguan, the PRC; (iii) the recognition of a gain on bargain purchase of approximately HK\$4,663,000 arising from the acquisition of Elise Beauty Group Limited (“**Elise Beauty**”); (iv) the absence of impairment of other receivables (FY2024/25:

approximately HK\$13,696,000) and expected credit losses (“ECLs”) on loans and interests receivables (FY2024/25: approximately HK\$3,917,000); (v) a decrease in finance costs to approximately HK\$11,837,000 (FY2024/25: approximately HK\$14,951,000) following the Debt Capitalisation and the repayment of bank and other borrowings during the year; and (vi) a slight decrease in administrative expenses to approximately HK\$50,416,000 (FY2024/25: approximately HK\$53,080,000), reflecting the Group’s ongoing cost optimisation efforts. The above positive factors were partially offset by (i) the decrease in gross profit as a result of the decline in revenue; (ii) an increase in the impairment loss on exploration and evaluation assets to approximately HK\$15,561,000 (FY2024/25: approximately HK\$5,752,000); and (iii) an increase in the Group’s share of losses of associates to approximately HK\$43,148,000 (FY2024/25: approximately HK\$29,637,000).

Basic loss per share for FY2025/26 was approximately HK5.27 cents (FY2024/25 (restated): HK22.25 cents).

Set out below is the review of the business of the Group for FY2025/26 and the outlook of the Group’s business for the year ending 30 June 2027.

Healthcare and household products 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.

For FY2025/26, revenue from the healthcare and household products segment amounted to approximately HK\$69,120,000, representing a decrease of approximately 40.0% as compared with approximately HK\$115,183,000 for FY2024/25. The segment loss slightly narrowed to approximately HK\$14,345,000 for FY2025/26 (FY2024/25: approximately HK\$14,804,000). The revenue decline was primarily attributable to one of Fairform’s major U.S. customers shifting the sourcing of kids battery-powered electric toothbrushes and manual toothbrushes to other regions in Asia, as a result of the prolonged U.S.-China trade tensions and the customer’s supply chain diversification efforts, together with intensified pricing competition in the market. This also led to that fact that the contribution of the United States (“**U.S.**”) market to the segment’s revenue decreased to approximately 59.0% (FY2024/25: approximately 81.8%), while Hong Kong and other regions, Germany, the United Kingdom and other markets collectively accounted for the remaining approximately 41.0% (FY2024/25: approximately 18.2%).

In response to the declining performance and losses experienced over the past years, Fairform launched during FY2025/26 its most extensive strategic transformation since its establishment, shifting from a labour-intensive and cumbersome operating model to a more agile operating model integrating manufacturing organisation and trading. The principal elements of the transformation are as follows:

- the production and assembly processes are gradually subcontracted and outsourced from self-owned production facilities to strategic partner factories with which Fairform has established long-term cooperation;
- consistent with the transition to the agile operating model, the Group disposed of its self-owned factory land and buildings in Dongguan, the PRC during the year with a leaseback option (the “**Dongguan Property Disposal**”), which monetised underutilised and illiquid assets and enhanced the Group’s financial flexibility;
- while the mode of production organisation has changed, the control standards will remain unchanged. Fairform’s research and development, engineering and quality control capabilities will be embedded in the strategic partner factories, and end-to-end oversight is exercised over incoming materials inspection, in-process control and pre-shipment sampling inspection, maintaining control over the three dimensions of quality, delivery time and cost at a level comparable to, or better than, that achieved under the self-owned factory model.

During FY2025/26, the Group continued its repositioning of Fairform beyond its traditional focus on oral care and grooming products, pursuing market diversification, e-commerce channel development and proprietary brand building. Its online B2B operations made further progress: in August 2026, Fairform secured an approximately HK\$860,000 order from a Middle East B2B platform customer for kids’ battery-powered electric toothbrushes and related mould tooling, with end sales targeted at the South American market.

Coal mining business

The Group’s coal mining business was conducted through its 99.98%-owned indirect subsidiary PT Bara Utama Persada Raya (“**PT Bara**”), which holds the mining license in respect of the coal mine in the Central Kalimantan Province, Indonesia (the “**PT Bara Mine**”).

For FY2025/26, revenue from this segment, being royalty fee income, decreased by approximately 75.2% to approximately HK\$398,000 (FY2024/25: approximately HK\$1,602,000), and the segment recorded a loss of approximately HK\$17,121,000 (FY2024/25: approximately HK\$4,982,000), which included an impairment loss on exploration and evaluation assets of approximately HK\$15,561,000 (FY2024/25: approximately HK\$5,752,000).

As PT Nusantara Energi Thermal, the former contractor, had suspended mining activities since the beginning of 2025, the Group undertook only limited mining and selling activities to maintain a certain production level during the period from May to October 2025. In October 2025, PT Bara entered into a new exclusive cooperation agreement (the “**BMS Agreement**”) with PT Barindo Multi Sejahtera (“**BMS**”), which has taken over the mining activities of the PT Bara Mine since October 2025. In November 2025, PT Bara and BMS submitted a work and budget plan to Indonesia’s Ministry of Energy and Mineral Resources (“**Minerba**”) for review and endorsement. Between late November and December 2025, coal production and sales were further affected by a mechanical breakdown of the conveyor belt at the barging port used for coal loading, which was subsequently repaired.

In early 2026, Minerba requested PT Bara to revise its planned annual coal production for 2026 from the originally proposed level of 600,000 tonnes to 21,500 tonnes, as there was a change in the policy direction of Indonesia’s authorities to reduce and consolidate coal production among major operators to sustain coal prices. This was followed by a further policy announcement in May 2026 to centralise the export of certain strategic natural resources, including coal, through a government-appointed state-owned enterprise. The significantly reduced production quota rendered the original production and sales plan impracticable, and the continued operation of the coal mining business was considered uneconomical in the circumstances. Accordingly, an impairment loss of approximately HK\$15,561,000 on the exploration and evaluation assets was recognised during FY2025/26 with reference to the latest recoverable amount of the coal mine, and the Directors decided to dispose of the coal mining business. Please refer to the section headed “IMPORTANT EVENTS AFTER THE END OF THE YEAR” below for details of the disposal of the coal mining business.

The coal resource estimate as at 30 June 2026 was as follows:

Coal Resource Estimate
(in thousand tonnes)

JORC Category	As at 30 June 2026	As at 30 June 2025	Change in %	Reason of Change
Measured	8,536	8,575	-0.45%	Coal production
Indicated	11,537	11,537	Nil	N/A
Inferred	6,097	6,097	Nil	N/A
	26,170	26,209		

Beauty and wellness business

On 31 December 2025, the Company entered into a sale and purchase agreement to acquire the entire equity interest in, and the shareholder's loan of, Elise Beauty for an aggregate consideration of HK\$62,500,000, which was satisfied by the allotment and issue of 341,903,719 consideration shares of the Company (the "**Elise Beauty Acquisition**"). The Elise Beauty Acquisition was completed on 15 June 2026, upon which Elise Beauty became a wholly-owned subsidiary of the Company. The principal operating subsidiary of Elise Beauty is Foshan YS Technology Co., Ltd. ("**Foshan YS**"), which is principally engaged in the research and development of software applications encompassing digital empowerment solutions and Software-as-a-Service ("**SaaS**") software applications for the beauty and wellness industry in the Guangdong area of the PRC. Foshan YS has been recognised as a National High and New Technological Enterprise in the PRC and is entitled to a preferential enterprise income tax rate of 15% from 2024 to 2027.

As the Elise Beauty Acquisition was completed shortly before the end of FY2025/26, this new segment contributed revenue of approximately HK\$908,000 and recorded a segment profit of approximately HK\$4,567,000 for FY2025/26, which included a gain on bargain purchase of approximately HK\$4,663,000 arising from the Elise Beauty Acquisition, as the fair value of the consideration shares issued decreased to approximately HK\$57,781,000 at the date of completion, which was lower than the fair value of the identifiable net assets acquired of approximately HK\$62,444,000.

Money lending business

As reported in the previous interim and annual reports of the Company, the Group has ceased to grant new loans under its money lending business. The loan receivables of the Group as at 30 June 2026 were related to loans granted in previous years and were all past due. The main focus of the Group in this line of business is to recover the outstanding loan receivables. As at 30 June 2026, the outstanding loans and interests receivables, net of the impairment allowance, were approximately HK\$914,000 (30 June 2025: approximately HK\$1,234,000).

Investment in the property development project at Port Dickson, Malaysia

The Group holds a 35% equity interest in Pacific Memory Sdn Bhd (“**Pacific Memory**”) which is accounted for as an associate. Pacific Memory is engaged in a commercial development at Port Dickson, Malaysia with facilities including a hotel, yacht club, event venues and retail spaces and related amenities. At present, Pacific Memory’s operations are principally sustained by rental income, and it continues to accumulate capital in a prudent manner to fund the subsequent phases of the development. Pacific Memory has been in discussions with investors and developers from China and maintains a cautious outlook on the long-term prospects of the property sector in Malaysia.

During FY2025/26, construction costs in Malaysia increased significantly, mainly due to the following factors: (1) the increase in Malaysia’s minimum wage, the introduction of mandatory Employees Provident Fund (“**EPF**”) contributions for foreign workers, and the tightening of foreign labour policies, all of which resulted in higher labour costs; (2) the rise in industrial diesel prices following the Iran war, together with higher haulage costs and stricter enforcement of transportation regulations, which led to an increase in building material prices; and (3) the introduction of a 6% Sales and Service Tax (SST) on construction services in Malaysia with effect from 1 July 2025. Therefore, the construction costs of Pacific Memory were estimated to have increased significantly, leading to an impairment loss on properties of approximately HK\$120,508,000. Therefore, Pacific Memory recorded a loss of approximately HK\$123,280,000 for FY2025/26 (FY2024/25: approximately HK\$84,678,000), and consequently the Group’s share of results of the associate recorded a loss of approximately HK\$43,148,000 for FY2025/26 (FY2024/25: approximately HK\$29,637,000). As at 30 June 2026, the carrying amount of the Group’s interest in Pacific Memory was approximately HK\$541,472,000 (30 June 2025: approximately HK\$564,430,000).

PROSPECT

Healthcare and household products business

Looking ahead, the Group considers that the market conditions will remain extremely challenging and remains highly cautious in its outlook for the healthcare and household products business for the year ending 30 June 2027. 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, as well as the increasing relocation of U.S. customers' sourcing bases away from China. In addition, the artificial intelligence ("AI") boom has driven up the prices of raw materials such as copper, which has added pressure on the segment's material costs.

To address these challenges, the Group will continue to implement its diversification strategy on multiple fronts: (i) product diversification, by expanding into personal care devices with higher turnover and profit margins; (ii) geographic diversification into mainland China, Europe, the Middle East and South America, etc., so as to gradually reduce reliance on the U.S. market; (iii) channel diversification, through the continued development of B2B e-commerce platforms; and (iv) proprietary brand development, which is expected to play an increasingly important role in Fairform's long-term strategy.

In respect of the transition of the Group's production model towards greater utilisation of subcontracting and outsourcing of production and assembly processes, as at the date of this announcement, Fairform has obtained the approval of the majority of its customers for the engagement of subcontractors, while for the remaining customers, all site inspections in respect of the subcontractors have been completed and the related approval procedures have reached the final stage. The Group expects that the strategic transformation of Fairform will be fully completed before or at the beginning of the fourth quarter of 2026. Upon full completion of the transformation, the agile operating model is expected to reduce capital intensity, enhance operational flexibility and improve the cost structure of this business segment over time.

Beauty and wellness business

Following the completion of the Elise Beauty Acquisition in June 2026, the Group has established a foothold in the PRC beauty and skincare sector with immediate access to a client base of close to 200 beauty centres and medical aesthetic centres in the PRC. Going forward, Foshan YS will pursue an integrated development strategy spanning the beauty, medical aesthetic and broader health and wellness sectors. With AI and digitalisation as its core engines and data intelligence reshaping the ecosystem of the beauty industry, Foshan YS aims to evolve from a software developer serving beauty centres into an industry enablement platform, delivering to industry partners an empowerment system that integrates practical tools, intelligent systems and in-depth training. The Directors believe that the demand for digital empowerment solutions continues to increase in the beauty industry, and that the development and roll-out of SaaS applications by way of open subscription will increase the scalability of Foshan YS's products and services across the PRC. In addition, similar digitalisation needs are emerging in the medical beauty and health and wellness industries, and Foshan YS's existing technology platform and industry experience will position it in capturing such opportunities.

The Group expects that Foshan YS's established industry relationships will provide, on one hand, potential distribution channels for the Group's beauty and skincare products and, on the other hand, access to market intelligence and insights into consumer behaviour and emerging industry trends, thereby creating synergies with the Group's healthcare and household business and supporting the development of new product lines. This segment is expected to become a new driver of the Group's revenue and profit growth going forward.

Coal mining business

As set out in the section headed "IMPORTANT EVENTS AFTER THE END OF THE YEAR" below, on 6 August 2026, the Group entered into an agreement to dispose of the entire issued share capital of the subsidiary holding the coal mining business together with the assignment of the relevant intercompany balances, at an aggregate cash consideration of US\$1,200,000. Upon completion of the disposal, the Group will cease to operate the coal mining business and will reallocate its financial and management resources to other businesses with more favourable commercial prospects. The disposal will also enable the Group to recover part of its investment in the coal mining business.

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 2026, the Group had bank and cash balances of approximately HK\$94,493,000 (30 June 2025: approximately HK\$11,352,000), with foreign currency deposits denominated in RMB, USD and other currencies amounted to approximately HK\$3,833,000 (30 June 2025: approximately HK\$1,612,000), HK\$5,326,000 (30 June 2025: approximately HK\$7,548,000) and HK\$51,000 (30 June 2025: approximately HK\$1,000) respectively.

Current ratio

As at 30 June 2026, the Group had net current assets of approximately HK\$96,518,000 (30 June 2025: net current liabilities of approximately HK\$100,119,000) and a current ratio (being current assets over current liabilities) of approximately 2.67 (30 June 2025: approximately 0.47).

Debts and borrowings

As at 30 June 2026, the Group had total debts and borrowings of approximately HK\$227,249,000 (30 June 2025: approximately HK\$356,094,000), which comprised shareholders loans and unsecured other loans.

Gearing ratio

As at 30 June 2026, the Group's gearing ratio, being total debts and borrowings over total equity, was approximately 48.2% (30 June 2025: approximately 137.4%).

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, and the Group's operating cash flows are substantially independent of changes in market interest rates. The Group does not hedge against interest rate risk as the management does not foresee the impact of any fluctuation in interest rates to be material to the Group.

Share consolidation

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

Fund raising activities

(a) Debt Capitalisation

On 15 May 2025, the Company, entered into the debt capitalisation agreements with two substantial shareholders, i.e. Mr. Low and Mr. Lim, pursuant to which the Company agreed to allot and issue 289,574,140 shares and 215,000,000 shares to Mr. Low and Mr. Lim respectively at issue price of HK\$0.20 per share. The aggregate amount of the issued shares was set off against all shareholder’s loans and accrued interest payable by the Company to Mr. Low, and part of the shareholder’s loans and accrued interest payable by the Company to Mr. Lim, on a dollar-to-dollar basis. Completion of the Debt Capitalisation took place on 15 July 2025.

(b) Rights Issue

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

As disclosed in the announcement of the Company dated 29 September 2025, the Board resolved to reallocate approximately HK\$32,900,000 of the net proceeds, originally designated for the repayment of the secured bank loan of the Group, by allocating approximately HK\$10,000,000 towards strategic adjustment and business transformation for the Group’s healthcare and household products business and approximately HK\$22,900,000 as general working capital of the Group, as the secured bank loan was repaid with the RMB-denominated proceeds from the Dongguan Property Disposal. Set out below is the utilisation of the net proceeds from the Rights Issue:

Use of proceeds	Proposed use as disclosed in the Prospectus <i>HK\$ million</i>	Utilised as at 29 September 2025 <i>HK\$ million</i>	Revised allocation of unutilised net proceeds (29 September 2025 announcement)		Unutilised as at 30 June 2026 <i>HK\$ million</i>	Expected timeline <i>HK\$ million</i>
			Utilised from 29 September 2025 to 30 June 2026 <i>HK\$ million</i>	September 2025 <i>HK\$ million</i>		
Repayment of the outstanding debt of the Group	48.0	15.1	–	–	–	Fully utilised as at 29 September 2025
Strategic adjustment and business transformation for the healthcare and household products business (including the expansion of its business ecosystem into adjacent sectors such as beauty and wellness business)	40.0	2.5	47.5	3.7	43.8	By 31 December 2027
General working capital	24.0	14.3	32.6	8.8	23.8	By 31 December 2028
	<u>112.0</u>	<u>31.9</u>	<u>80.1</u>	<u>12.5</u>	<u>67.6</u>	

As disclosed in the announcement of the Company dated 29 September 2025, the net proceeds of HK\$15,100,000 allocated to the repayment of the outstanding debt of the Group had already been fully utilised as at the date of that announcement, and no unutilised net proceeds remained designated for such purpose thereafter. As certain milestones for the deployment of the net proceeds originally disclosed in the prospectus of the Company in respect of the Rights Issue (being December 2025 and June 2026) have passed with part of the relevant proceeds remaining unutilised, the deployment of the net proceeds has been delayed, principally due to the ongoing strategic transformation of the Group's healthcare and household products business — which encompasses not only the restructuring of the healthcare and household products business but also the expansion of the business ecosystem of such segment into adjacent sectors, including the extension of such ecosystem into the beauty and wellness sector through the Elise Beauty Acquisition during the year — and the prudent deployment of the Group's resources in the challenging market environment. The Board currently expects that the unutilised net proceeds will be fully applied in accordance with such revised allocation by the timelines set out in the table above.

Significant investments held, material acquisitions and disposals of subsidiaries

(a) *Disposal of land and buildings in Dongguan, the PRC*

On 29 September 2025, the Group entered into an agreement to dispose of the Group's land and buildings of the factory in Dongguan, the PRC for a consideration of RMB58,000,000 (equivalent to approximately HK\$64,358,000) and the purchaser has agreed to lease back the land and buildings to the Group for a term of one year commencing from the date of passover of the title of the land and buildings for the Group's continuing operations of the healthcare and household business, details of which were disclosed in the announcement of the Company dated 29 September 2025. As at 30 June 2026, the disposal had been completed.

(b) *Acquisition of Elise Beauty*

On 31 December 2025, the Company and the vendor entered into a sale and purchase agreement to acquire, (i) the entire equity interest in Elise Beauty; and (ii) the entire amount of the outstanding shareholder's loan owing by Elise Beauty to the vendor, for an aggregate consideration of HK\$62,500,000, which shall be satisfied by way of allotment and issue of a total of 341,903,719 consideration shares at the issue price of HK\$0.1828 per consideration share by the Company to the vendor, details of which were disclosed in the announcement of the Company dated 2 January 2026. The acquisition was completed on 15 June 2026. More details of the acquisition are set out in the paragraph headed "Beauty and wellness business" under the section headed "BUSINESS REVIEW" above.

Save as mentioned above, the Group had no significant investments held, nor any material acquisition nor disposal of subsidiaries during FY2025/26.

Pledge of assets

As at 30 June 2026, no assets of the Group were pledged to secure banking facilities (30 June 2025: certain land and buildings of approximately HK\$55,932,000 were pledged to secure banking facilities granted to the Group). The pledge was released upon the completion of the disposal of the Group's property development and primary land development businesses in the PRC and the repayment of the secured bank loans during the year.

Material contingent liabilities

The Group had no material contingent liabilities as at 30 June 2026 (30 June 2025: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group had 11 employees (30 June 2025: 18) in Hong Kong, 38 employees (30 June 2025: 563) in the PRC and 1 employee(s) (30 June 2025: 1) in Indonesia. Employees' remuneration are given and reviewed based on market norms, individual performance and experience. Awards and bonuses are considered based on the Group's business results and employees' individual merit.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 30 June 2026 (2025: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed above, the Company did not have any future plans for material investments or acquisition of capital assets as at 30 June 2026.

IMPORTANT EVENTS AFTER THE END OF THE YEAR

On 6 August 2026, two wholly-owned subsidiaries of the Company (as vendors) entered into a sale and purchase agreement with PT Barindo Multi Sejahtera (as purchaser), the contractor engaged by PT Bara under the BMS Agreement (for more details, refer to the paragraph headed “Coal mining business” under the section headed “BUSINESS REVIEW” above), pursuant to which the Group has agreed to sell the entire issued share capital of the subsidiary holding the Group’s coal mining business, and to assign the entire amount of the outstanding intercompany balances owing by such disposal group to the Group (amounting to approximately HK\$25,700,000 as at 31 May 2026), at an aggregate cash consideration of US\$1,200,000 (equivalent to approximately HK\$9,400,000) (the “**Coal Mine Disposal**”).

As disclosed in the announcement of the Company dated 6 August 2026, the recent abrupt and significant changes in the regulatory policies of Indonesia, in particular the reduction in the approved annual production quota of the PT Bara Mine for 2026 from 600,000 tonnes to 21,500 tonnes and the policy announcement in May 2026 to centralise the export of certain strategic natural resources including coal, have materially and adversely affected the outlook and prospects of the coal mining business. The Directors consider that the Coal Mine Disposal represents an opportunity for the Group to exit this business with discouraging outlook and to reallocate its resources to other businesses with more favourable prospects. Upon completion of the Coal Mine Disposal, the disposal group will cease to be subsidiaries of the Company and its financial results, assets and liabilities will no longer be consolidated into the Group’s financial statements. As the impairment loss of approximately HK\$15,561,000 on the exploration and evaluation assets has been recognised during FY2025/26 with reference to the consideration under the Coal Mine Disposal agreement, the loss on disposal to be recognised upon completion is expected to be limited to the remaining carrying amounts of the disposal group to be derecognised, and will be determined with reference to the financial position of the disposal group as at the date of completion. The Group intends to apply the entire proceeds from the Coal Mine Disposal for the general working capital of the Group.

Save as disclosed above, there were no other important events affecting the Group which have occurred since 30 June 2026 and up to the date of this announcement.

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 2026.

CORPORATE GOVERNANCE CODE

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

Save as the above, the Company has complied with the Code Provisions of the Corporate Governance Code set out in Appendix C1 of the Listing Rules during the Period.

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 2026 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 2026. 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 2026.

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

Hong Kong, 29 September 2026

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tam Lup Wai, Franky, Mr. Liu Liyang and Mr. Zhang Yuanzhou; 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.