Zhongzheng International Company Limited

(Incorporated in Bermuda with Limited Liability)

(Stock Code : 943)



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Yiu Man Fung *(Chairman)*
(appointed on 21 October 2026)
Mr. Tam Lup Wai Franky *(Deputy Chairman)*
Mr. Zhang Yuanzhou
(appointed on 16 June 2026)
Mr. Ou Zhipeng *(appointed on 21 October 2026)*

Non-executive Director

Mr. Lim Kim Chai, J.P.

Independent Non-executive Directors

Mr. Hau Chi Kit
Mr. Leung Chi Hung
Mr. Li Hon Kuen
Ms. Yang Yan Tung Doris

AUDIT COMMITTEE

Mr. Li Hon Kuen *(Chairman)*
Mr. Hau Chi Kit
Mr. Leung Chi Hung
Ms. Yang Yan Tung Doris

REMUNERATION COMMITTEE

Mr. Leung Chi Hung *(Chairman)*
Mr. Hau Chi Kit
Mr. Li Hon Kuen
Mr. Lim Kim Chai
Mr. Yiu Man Fung
(appointed on 21 October 2026)

NOMINATION COMMITTEE

Mr. Yiu Man Fung *(Chairman)*
(appointed on 21 October 2026)
Mr. Hau Chi Kit
Mr. Leung Chi Hung
Mr. Li Hon Kuen
Ms. Yang Yan Tung Doris

COMPANY SECRETARY

Mr. Situ Min

AUDITOR

ZHONGHUI ANDA CPA Limited
23/F, Tower 2, Enterprise Square Five,
38 Wang Chiu Road,
Kowloon Bay, Kowloon,
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL REGISTRAR

MUFG Fund Services (Bermuda) Limited
4/F North Cedar House,
41 Cedar Avenue,
Hamilton HM 12,
Bermuda

BRANCH REGISTRAR

Union Registrars Limited
Suite 3301-4, 33/F,
Two Chinachem Exchange Square,
338 King's Road, North Point,
Hong Kong

REGISTERED OFFICE

Richmond House,
12 Par-la-Ville Road,
Hamilton HM 08,
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 1909B, 19/F.,
Tower 3, China Hong Kong City,
33 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong

STOCK CODE

943

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Zhongzheng International Company Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 30 June 2026 ("**FY2025/26**" or "**the Year**"). The Year was one of strategic consolidation and renewal: against a persistently challenging operating backdrop, the Group completed a far-reaching transformation of its core healthcare and household products business, established a new growth platform in the beauty and wellness sector, and took decisive steps to exit the coal mining business, whilst further strengthening its balance sheet.

REVIEW AND PROSPECT

For FY2025/26, the Group recorded total revenue of approximately HK$70.4 million, a decrease of approximately 40.0% year-on-year, primarily attributable to the decline in sales of the healthcare and household products business amid intensified competition and the continuing diversification of supply chains by U.S. customers away from China. Gross profit amounted to approximately HK$16.7 million (FY2024/25: HK$26.6 million), whilst the gross profit margin improved to approximately 23.7% (FY2024/25: 22.7%), reflecting the Group's rigorous cost optimisation and operational efficiency enhancement measures. The consolidated net loss attributable to shareholders narrowed substantially to approximately HK$86.5 million, down approximately 41.0% from HK$146.7 million in the prior year, and was wholly derived from continuing operations. The Year's loss included the Group's share of loss of an associate of approximately HK$43.1 million, principally arising from an impairment on its property development project in Port Dickson, Malaysia following a significant escalation in local construction costs.

The most significant development during the Year was the launch of an extensive strategic transformation of the healthcare and household products business segment. The segment is shifting from a labour-intensive, self-owned factory model to a more agile operating model integrating manufacturing organisation and trading, with production and assembly processes progressively subcontracted to long-standing strategic partner factories. In support of this transition, the Group disposed of its self-owned factory land and buildings in Dongguan, the PRC for a consideration of RMB58.0 million to enhance financial flexibility. Crucially, our research and development, engineering and quality control standards remain uncompromised and are embedded within the partner factories through end-to-end oversight.

A further milestone was the Group's entry into the beauty and wellness sector through the acquisition of Elise Beauty Group Limited, completed on 15 June 2026. Its principal operating subsidiary, Foshan YS Technology Co., Ltd. — a recognised National High and New Technological Enterprise in the PRC — develops digital empowerment solutions and Software-as-a-Service ("**SaaS**") applications for the beauty and wellness industry in the Guangdong area, serving a client base of close to 200 beauty centres and medical aesthetic centres. We believe this platform creates attractive synergies with our healthcare and household products business and is well positioned to become a new driver of the Group's revenue and profit growth.

For the coal mining business in Indonesia, royalty income declined by approximately 75.2% to approximately HK$0.4 million. Following abrupt and significant changes in Indonesian regulatory policy — including the reduction of the approved annual production quota of our coal mining business for 2026 from 600,000 tonnes to 21,500 tonnes and the centralisation of coal exports — the continued operation of the coal mining business was considered uneconomical. An impairment loss of approximately HK$15.6 million on the exploration and evaluation assets was recognised during the Year, and on 6 August 2026 the Group entered into an agreement to dispose of the entire coal mining business for an aggregate cash consideration of US$1.2 million, enabling the reallocation of resources to businesses with more favourable commercial prospects.

During the Year, the Group also materially reinforced its financial position. Following the completion of the debt capitalisation in July 2025 (which gave rise to a one-off gain of approximately HK$9.6 million) and the rights issue in August 2025 raising net proceeds of approximately HK$112.0 million, together with the repayment of bank and other borrowings, the Group's total debts and borrowings were reduced from approximately HK$356.1 million to approximately HK$227.2 million, and the gearing ratio improved markedly from approximately 137.4% to approximately 48.2%. As at 30 June 2026, the Group held bank and cash balances of approximately HK$94.5 million (30 June 2025: HK$11.4 million) and reported net current assets of approximately HK$96.5 million, as compared with net current liabilities of approximately HK$100.1 million a year earlier.

Looking ahead, market conditions are expected to remain extremely challenging. U.S.-China trade tensions, potential tariff escalations, geopolitical uncertainties and elevated raw material prices will continue to weigh on the healthcare and household products business, in respect of which the Board remains highly cautious. We expect the strategic transformation of the healthcare and household products business segment to be fully completed before or at the beginning of the fourth quarter of 2026, which should progressively reduce capital intensity, enhance operational flexibility and improve the segment's cost structure. At the same time, the beauty and wellness business, powered by artificial intelligence and digitalisation, offers a promising new avenue of growth. With a reinforced balance sheet, a streamlined business portfolio and an unwavering focus on diversification and innovation, the Board is confident that the Group is better positioned to navigate volatility and generate long-term value for all shareholders.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to our shareholders, business partners and stakeholders from various fields for their continuing support, and to our management and staff for their dedication and invaluable contribution during the Year.

Tam Lup Wai Franky
Executive Director

Hong Kong, 29 September 2026

EXECUTIVE DIRECTORS

Mr. Yiu Man Fung (姚文峰) ("Mr. Yiu")

(Chairman)

Mr. Yiu, aged 52, was appointed as an executive Director, the chairman of the Board, a member of the remuneration committee of the Company and the chairman of the nomination committee of the Company on 21 October 2026. He has extensive experience in financial investment and business management. He is the founder of Elise Beauty (伊麗匯), a well-known beauty industry brand in the People's Republic of China (the "**PRC**"). From 1993 to 1995, Mr. Yiu worked at the Foshan Branch of Bank of China, and from 1995 to 1997, he worked at a financial futures company in Hong Kong, where he accumulated valuable experience in credit business and financial futures investment. Since 2000, Mr. Yiu has served as the chairman of Guangdong Zhiyanxi Health Technology Co., Ltd.* (廣東智顏希健康科技有限公司), a leading beauty industry enterprise in the PRC. Since August 2017, Mr. Yiu has served as the founding president of the Foshan Chain Store Association (佛山市連鎖協會), an association established to cultivate and introduce quality chain brands and promote Foshan as a growth base and headquarters hub for chain brands, and he has been its honorary president since 2024 upon the rotation of the presidency.

Mr. Tam Lup Wai Franky ("Mr. Tam")

(Deputy Chairman)

Mr. Tam, aged 78, was appointed as an executive Director of the Company on 17 December 2001 and the Chairman of the Board on 21 July 2011. Currently Mr. Tam is an executive Director of the Company and the deputy Chairman of the Board. He is also the director of the following subsidiaries of the Company, namely, Big Advanced Holdings Limited, eForce Management Limited, Fairform Group Limited, Fairform Manufacturing Co. Limited, Qesco International (HK) Limited, StarX DigiTech Company Limited and Smart Guard Limited. Mr. Tam holds a BA in Applied Mathematics from the University of California at Berkeley, USA. He has diversified management experiences in the fields of property, retail and technology. He also specializes in formulating and executing business strategies for companies and has experience in the investment of technology start-up. He was previously an administration director of a conglomerate comprises four listed companies in Hong Kong and directly oversaw the administration of the group and responsible in managing several subsidiaries' operations, including properties acquisition, strategic investments and hotel start-up project. Mr. Tam also served as executive director of a Hong Kong publicly listed fashion retail chain store with over 200 outlets in Hong Kong and China and was instrumental in setting up the franchise operation in the PRC before joining the Company in 2001.

Mr. Liu Liyang ("Mr. Liu")
Mr. Liu, aged 66, was appointed as an executive Director, deputy chairman of the Board, the CEO and a member of the Remuneration Committee on 19 August 2010. Currently he is an executive Director of the Company. He is also the director of the following subsidiaries of the Company, namely Yixin Holdings Limited, Fastport Investment Holdings Limited and Vision South Limited. Mr. Liu has 17 years of experience in the investment banking industry. Before joining the Company, he was the co-head of the China Investment Banking of Nomura International (HK) Limited. He had also worked in the Merrill Lynch (Asia Pacific) Limited, China International Capital Corporation Limited and Morgan Stanley & Co. Inc. Mr. Liu holds an MBA degree from Columbia University.

Mr. Liu resigned as an executive Director with effect from 21 October 2026.

Mr. Zhang Yuanzhou (張遠舟) ("Mr. Zhang")
Mr. Zhang, aged 41, was appointed as an executive Director of the Company on 16 June 2026. He is also the director of the following subsidiaries of the Company, namely, Foshan YS Technology Co., Ltd.* (佛山市伊美眾軟件科技有限公司) ("**YS Tech**"), Skyeve Company Limited and Elise Beauty Group Limited.

Mr. Zhang holds a Bachelor's Degree in Computer Science from Sun Yat-sen University and is a People's Congress representative of Chancheng District, Foshan. Mr. Zhang has over 17 years of experience in IT and digital research and development, with a strong track record of driving innovation and implementation. He joined Guangzhou Meizhongyun Computing Co., Ltd* (廣州美眾雲計算有限公司), the predecessor of YS Tech since 2015, and subsequently joined YS Tech since its establishment in 2019. Mr. Zhang was instrumental to the establishment of the research and development of the information technology business for beauty industry.

Mr. Ou Zhipeng (區智鵬) ("Mr. Ou")
Mr. Ou, aged 36, was appointed as an executive Director of the Company on 21 October 2026. He is also the director of the following subsidiaries of the Company, namely Elise Beauty Group Limited, Skyeye Company Limited, Fairform Manufacturing Company Limited, Gainford Internationals Inc., Vision South Limited, Yixin Holdings Limited, StarX DigiTech Company Limited, Shenzhen StarX Infinite Technology Company Limited* (深圳星衍無界科技有限公司), Shenzhen StarX Biotech Company Limited* (深圳星衍生物科技有限公司), Foshan Beauty Fusion Biotech Company Limited* (佛山美合生物科技有限公司), Dongguan StarX Future Technology Company Limited* (東莞星衍未來科技有限公司) and Fastport Investments Holdings Limited. Mr. Ou obtained a Master's Degree in Accounting from Boston College (Carroll School of Management) in the United States of America ("**USA**") and Bachelor's Degrees in Statistics and Psychology from the University of Minnesota, Twin Cities, USA. He has extensive experience in financial and corporate management. From 2015 to 2018, he served as an analyst with a financial consulting firm and with U.S. Bancorp in the USA. From 2018 to 2022, he worked in the audit and management consulting divisions of KPMG China, participating in the audits and due diligence on listed companies and in the financial management and digital transformation projects for Fortune 500 companies. Mr. Ou joined the Company in January 2023 as a senior finance manager and has been primarily involved in the Group's various restructuring, financing and acquisition exercises.

* *The English name is for identification purpose only*

NON-EXECUTIVE DIRECTOR

Mr. Lim Kim Chai, J.P. ("Mr. Lim")

Mr. Lim, aged 59, was appointed as a non-executive Director of the Company on 20 December 2019. He has over 25 years of experience in investment and property development business. He is the founder and the chairman of Yuk Tung Group, which focuses on the property development in Malaysia. Since the founding of the Yuk Tung Group in 2005, Mr. Lim has been the director of each of Yuk Tung Properties Sdn. Bhd., Yuk Tung Development Sdn. Bhd., Yuk Tung Land Sdn. Bhd., Yuk Tung Construction Sdn. Bhd., Home Marketing Sdn. Bhd. and Pacific Memory Sdn. Bhd. ("**Pacific Memory**") respectively, primarily responsible for the overall management and strategic development of the Yuk Tung Group. Mr. Lim was also appointed as Justice of the Peace (JP) in Malaysia in 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hau Chi Kit ("Mr. Hau")

Mr. Hau, aged 54, was appointed as an independent non-executive director ("**INED**") and a member of each of the audit committee (the "**Audit Committee**"), the Remuneration Committee and the Nomination Committee of the Company on 7 March 2014. Mr. Hau was a barrister-at-law in private practice in Hong Kong SAR from 2001 to 2008. Prior to becoming a barrister, Mr. Hau worked at the Securities and Futures Commission. Mr. Hau is a solicitor.

Mr. Hau was an INED of China Zenith Chemical Group Limited (formerly known as Xinyang Maojian Group Limited) (stock code: 362), a company listed on the Main Board of the Stock Exchange between December 2013 and April 2025.

Mr. Leung Chi Hung ("Mr. Leung")

Mr. Leung, aged 71, was appointed as an INED of the Company and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 13 December 2013. Mr. Leung was further appointed as the chairman of the Remuneration Committee on 4 June 2018. Mr. Leung commenced his accountancy professional training since 1976 and is a fellow of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Leung is also a fellow of The Taxation Institute of Hong Kong and a Certified Tax Adviser and a member of the Society of Registered Financial Planners in Hong Kong. Mr. Leung is a Certified Public Accountant (Practising) in Hong Kong and a director of Philip Leung & Co. Limited (CPA).

Mr. Leung is an INED of Daido Group Limited (stock code: 544), and REF Holdings Limited (stock code: 1631), both of which are companies listed on the Main Board of the Stock Exchange.

Mr. Li Hon Kuen ("Mr. Li")

Mr. Li, aged 60, was appointed as an INED, the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee on 19 July 2013. Mr. Li is a Certified Public Accountant (Practising) in Hong Kong with general assurance experience in clients operating in a variety of industries, including textile, construction, property development, freight forwarding, golf club, jewelry manufacturing and trading, application software development and installation, website design and development, manufacturing and ATM operation business. Moreover, Mr. Li has extensive experience in public listings and due diligence in Hong Kong. Mr. Li had worked in Deloitte and as senior audit manager in RSM Nelson Wheeler before setting up Alfred H.K. Li & Co., CPA, in 2013.

Ms. Yang Yan Tung Doris ("Ms. Yang")

Ms. Yang, aged 57, was appointed as an independent non-executive director on 29 November 2024. And she was further appointed as a member of each of the Audit Committee and Nomination Committee on 25 July 2025. Ms. Yang has substantial experiences in handling company secretarial and internal control matters of listed companies in Hong Kong. She is a fellow member of The Hong Kong Institute of Chartered Secretaries with practitioner's endorsement, a fellow member of The Chartered Governance Institute and a member of ACCA (the Association of Chartered Certified Accountants). She holds the Certificate in Risk Management Assurance designation granted by the Institute of Internal Auditors. Ms. Yang is currently a director of Bloomy Corporate Consultant Limited, a company engaged in management consultancy services, and a director of CWY Group Company Limited, a company engaged in trading of food and beverages. Ms. Yang was an independent non-executive director of each of Kontafarma China Holdings Limited (stock code: 1312) from December 2011 to July 2014 and Kaisa Capital Investment Holdings Limited (stock code: 936) from December 2014 to November 2019, both companies listed on the main board of the Stock Exchange.

Ms. Yang graduated from University of Leicester, England with a Bachelor of Science (Economics) in 1993 and then obtained her Master of Science from the Chinese University of Hong Kong in 2003.

SENIOR MANAGEMENT

Mr. Wong Sze Yat, Robert ("Mr. Wong")

Mr. Wong, aged 63, joined the Group in 1998. Mr. Wong is the marketing director of Fairform Manufacturing Company Limited and is responsible for sales and marketing function of the Group's manufacturing and sales of health and household products. Mr. Wong has a Diploma in Business Studies from the Salford Technology College (UK). Mr. Wong has over 20 years of working experience in marketing small household electrical appliances and household products.

Mr. Situ Min ("Mr. Situ")

Mr. Situ, aged 56, is currently the Company Secretary and Chief Financial Officer of the Company. Before he joined the Company in June 2019, Mr. Situ served respectively as director of investment and Chief Financial Officer of China Traditional Chinese Medicine Holdings Co. Limited (Stock Code: 570) from October 2013 to December 2018. From September 2001 to February 2013, he served as the executive director and Chief Financial Officer for the same company with former name of Wing Shan International Limited and Winteam Pharmaceutical Group Limited. Mr. Situ is a fellow member of the Association of Chartered Certified Accountants and is also a member of Chinese Institute of Certified Public Accountants. He has extensive experience in financial management, corporate finance and corporate governance.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Zhang was appointed as an executive Director on 16 June 2026; Mr. Yiu was appointed as an executive Director, the chairman of the Board, a member of the remuneration committee of the Company and the chairman of the nomination committee of the Company on 21 October 2026; Mr. Ou was appointed as an executive Director on 21 October 2026; and Mr. Liu resigned on 21 October 2026.

Save for the above, there is no change in Directors' information that is required to be disclosed in accordance with Rule 13.51(B)(1) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**") during and after the year ended 30 June 2026 until the date of this report.

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 32) 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.

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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 report, 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 *HK$ million*	Utilised as at 29 September 2025 *HK$ million*	Revised allocation of unutilised net proceeds (29 September 2025 announcement) *HK$ million*	Utilised from 29 September 2025 to 30 June 2026 *HK$ million*	Unutilised as at 30 June 2026 *HK$ million*	Expected timeline *HK$ million*
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
	112.0	31.9	80.1	12.5	67.6	

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 (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 report.

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.

The Management is of the view that the Company has already taken action to fully address the matter relating to qualification #1, and the other five matters forming the basis of qualified opinion relating to qualifications #2-6 have been fully addressed, as further explained below:

In respect of qualification #1 (exploration and evaluation assets)

Qualification #1 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.

Company's action plan

On 6 August 2026, the Group entered into an agreement to dispose of the entire issued share capital of PT Karya Dasar Bumi ("**PT Karya**"), the holding company of the disposal group operating the coal mine business, together with the assignment of the relevant intercompany balances, at an aggregate cash consideration of US$1,200,000. Details of the Coal Mine Disposal Agreement are disclosed in the Company's announcement dated 6 August 2026.

As at the date of this report, the Coal Mine Disposal Agreement has been notarized by the notary and application for the transfer of the entire issued share capital of PT Karya and the change of shareholders of PT Karya has been submitted to the Ministry of Law and Human Rights of the Republic of Indonesia, upon obtaining the approval from the Ministry which is expected to be in November 2026, the Coal Mine Disposal will be completed. 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 (including the exploration and evaluation assets) will be deconsolidated from the Group's consolidated financial statements.

The Management's view

It is expected that all financial effects on the consolidated financial statements of the Group arising from the Coal Mine Disposal will be taken up on the date of completion which is expected to be in November 2026. As at 30 June 2026, the carrying amount of the exploration and evaluation assets was approximately HK$9,950,000, such amount of exploration and evaluation assets will also be derecognised in the next consolidated statement of financial position of the Group following the Coal Mine Disposal. On this basis, the Management expects that this qualification #1 will be fully address in the next financial year ending 30 June 2027 ("**FY2026/27**"), notwithstanding that there will still be qualification solely relate to the impairment loss recognised for FY2025/26 as a comparative figure which will not affect the financial position of the Group for FY2026/27.

The Audit Committee's view

The Audit Committee has reviewed the matter with the Auditors and Management. It accepts the Auditors' basis for qualification relating to the exploration and evaluation assets. It also endorses with the Management's view and concurs that the Company has already taken action to fully address the matter forming the basis of the qualification and that such qualification will be removed in FY2026/27 notwithstanding that there will still be qualification on the impairment loss recognised for FY2025/26 as a comparative figure.

The Auditor's view

The Auditor has also agreed that upon completion of the Coal Mine Disposal in November 2026, the qualification #1 (exploration and evaluation assets) will be removed in FY2026/27 notwithstanding that there will still be qualification on the impairment loss recognised for FY2025/26 as a comparative figure.

In respect of qualifications #2 (interest in an associate and amount due from an associate), #3 (properties under development for sales), #5 (borrowings) and #6 (loss on disposal of discontinued operations)

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

Upon completion of the Property Business Disposal Agreement, HKZC and its subsidiaries ceased to be members of the Group and their financial results were deconsolidated from the consolidated financial statements of the Group, and all the financial effects on the consolidated financial statements of the Group arising from the Disposal have been taken up on the date of completion. By reason of this, the respective carrying amounts of interest in an associate, amount due from an associate, properties under development for sales and borrowings related to HKZC and its subsidiaries had already been deconsolidated in the consolidated statement of financial position of the Group as at 30 June 2025, and the loss on disposal of discontinued operations had already been reflected in the consolidated statement of profit or loss and other comprehensive income of the Group for FY2025/26.

The Management's view

As HKZC and its subsidiaries had ceased to be members of the Group upon completion of the disposal on 22 July 2024 and their financial results had already been deconsolidated from the consolidated financial statements of the Group in FY2024/25, these qualifications 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 financial position of the Group as at 30 June 2026. As the relevant comparative figures will not be presented in the consolidated financial statements of the Group for FY2026/27 and thereafter, such qualifications will be removed in FY2026/27.

The Audit Committee's view

The Audit Committee has reviewed the matter with the Auditors and Management. It accepts the Auditors' basis for such qualification. It also endorses with the Management's view and concurs that the relevant qualifications #2, #3, #5 and #6 have already been fully addressed and will be removed in FY2026/27.

The Auditor's view

The Auditor has also agreed that qualifications #2 (interest in an associate and amount due from an associate), #3 (properties under development for sales), #5 (borrowings) and #6 (loss on disposal of discontinued operations) have been fully addressed and will be removed in FY2026/27.

In respect of qualifications #4 (other receivables)

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

The Management's view

As the receivable had been fully settled in May 2025, the 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. As the relevant comparative figure will not be presented in the consolidated financial statements of the Group for FY2026/27 and thereafter, such qualifications will be removed in FY2026/27.

The Audit Committee's view

The Audit Committee has reviewed the matter with the Auditors and Management. It accepts the Auditors' basis for such qualification. It also endorses with the Management's view and concurs that the relevant qualification #4 has already been fully addressed and will be removed in FY2026/27.

The Auditor's view

The Auditor has also agreed that qualifications #4 (other receivables) has been fully addressed and will be removed in FY2026/27.

INTRODUCTION

The Board of the Company commits to maintain and ensure high standards of corporate governance and has adopted the provisions contained in the Code on Corporate Governance Practices (the "**CG Code**") as set out in Appendix C1 of the Listing Rules throughout the year ended 30 June 2026. This report also outlines the main corporate governance processes and practices adopted by the Company with specific reference to the provisions of the Code.

The management of the Company notes the Code Provisions D.1.1 and D.1.2 of the CG Code, 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. The Company did not have a separate Chairman or Chief Executive Officer and accordingly deviated from Code Provision C.2.1 of the CG Code. The Board is of the view that the current arrangement is appropriate to the Group's scale of operations and that the balance of power and authority on the Board is adequately ensured with explanation of the deviations set out in part "CHAIRMAN AND CHIEF EXECUTIVE" of the this report.

Save as the above, the Company has applied and complied with all provisions set out in the CG Code during the year ended 30 June 2026.

VALUES AND CULTURE

The Board is responsible for aligning the Group's culture with its corporate purpose, values and strategy. The Group's core values of "integrity • quality • innovation" are embedded in the code of conduct and guides us on selecting suppliers, employees and business partners. During the year, the Board monitored the alignment of the Group's culture with its strategy through communications among the Board, employees and the communities where the Group operates.

DIRECTORS' SECURITIES TRANSACTIONS

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.

ROLE OF THE BOARD AND DELEGATION

The Board is responsible for the leadership, control and oversight of the Group. It sets the Group's strategy, risk appetite, annual budgets, financial objectives and key policies, and monitors management's performance against agreed targets. The Board has adopted a schedule of matters reserved to the Board, which includes approval of annual budgets and business plans, material acquisitions and disposals, material borrowings and guarantees, equity fund raisings, dividend policy and declaration, appointment of Directors and senior management, adoption of significant accounting policies, risk management and internal control policies, connected transactions requiring Board approval, and the annual report and financial statements.

The Board delegates day-to-day management and operational matters to executive management under clearly defined authority limits. Management is required to report to the Board regularly and to escalate promptly any material deviation from approved plans, budgets, risk limits or compliance obligations.

BOARD OF DIRECTORS

As at 30 June 2026, the list of directors, together with the length of tenure and the current period of appointment of each Director are set out below:

	Approx. tenure as at 30 June 2026 (Year)	Date of last election/ re-election
Executive Directors		
Mr. Tam Lup Wai Franky *(Deputy Chairman)*	24.53	29/11/2024
Mr. Liu Liyang	15.86	29/11/2024
Mr. Zhang Yuanzhou (appointed on 16 June 2026)	0.04	N.A.
Non-executive Director		
Mr. Lim Kim Chai, J.P.	6.53	31/10/2025
Independent Non-executive Directors		
Mr. Hau Chi Kit	12.32	31/10/2025
Mr. Leung Chi Hung	12.55	31/10/2025
Mr. Li Hon Kuen	12.95	22/12/2023
Ms. Yang Yan Tung Doris	1.58	29/11/2024

The profiles of the directors' qualifications and experience are set out on pages 6 to 10 of this annual report and at least one of the INEDs possesses recognised professional qualification in accounting. The Board is of the view that its current composition provides the necessary skill and experience for the requirements of the Group's business.

All INEDs have confirmed in writing to the Company that they meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules.

All Non-executive directors were not appointed for a specific term but were subject to retirement by rotation at the annual general meeting in accordance with the Bye-laws of the Company. According to Bye-laws 87, "at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.".

The functions of non-executive Directors include: (a) participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct; (b) taking the lead where potential conflicts of interests arise; (c) serving on the audit, remuneration, nomination and other governance committees, if invited; and (d) scrutinising the issuer's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

BOARD PERFORMANCE REVIEW

The Company has established an evaluation mechanism under which a formal Board evaluation is conducted once every two years in accordance with Code Provision B.1.4. During the year ended 30 June 2026, the Company conducted an internal evaluation of the performance and effectiveness of the Board. No external provider was engaged in conducting the evaluation. The evaluation was conducted by way of a questionnaire completed individually by all Directors.

The questionnaire incorporated ratings and open-ended questions and covered, among other matters, the composition and structure of the Board and the Board Committees, Board processes and effectiveness, governance and oversight, risk management and internal controls, Board engagement in strategic matters, and the duties, responsibilities, contribution and engagement of individual Directors.

All Directors participated in the evaluation. The overall results were highly positive and indicated that the Board and the Board Committees continued to operate effectively and that the Directors had effectively discharged their respective roles and responsibilities. No significant area requiring remedial action was identified. The observations were considered non-material. Board succession planning and skills refreshment require more forward-looking and systematic arrangements. The Nomination Committee will formulate a succession planning roadmap and, against the Board skills matrix and taking into account the results of Board performance evaluation, identify the skills and competencies to be supplemented over the next two years. Such gaps will be addressed in a systematic manner through Board renewal, director nomination and appointment processes. The progress of the above measures will be closely monitored and reported as appropriate.

BOARD SKILLS MATRIX

The following matrix summarises the core competencies, skills, qualifications and experience of the members of the Board, which the Board considers essential and complementary to the implementation of the Group's corporate strategy and the oversight of its businesses, being the manufacture and sale of healthcare and household products, the beauty and wellness digital business and (pending its disposal) coal mining:

	Executive Directors			Non-executive Director	Independent Non-executive Directors			
Skills/Experience	**Mr. Tam**	**Mr. Liu**	**Mr. Zhang**	**Mr. Lim**	**Mr. Hau**	**Mr. Leung**	**Mr. Li**	**Ms. Yang**
Industry knowledge – healthcare and household products	✓							
Industry knowledge – beauty, wellness and SaaS			✓					
Property development and investment	✓			✓				
Accounting, audit and financial reporting	✓					✓	✓	✓
Legal and regulatory compliance					✓			✓
Risk management and internal control	✓					✓	✓	✓
Corporate finance, M&A and capital markets	✓	✓		✓				
Strategic planning and business management	✓	✓	✓	✓	✓	✓	✓	✓
Corporate governance and board practices	✓	✓			✓	✓	✓	✓
Environmental, social and governance (ESG)						✓		✓
PRC and cross-border business experience	✓	✓	✓	✓		✓		

The Board considers that the above mix of skills, experience and diversity supports the implementation of the Group's corporate strategy of streamlining its manufacturing operations, developing the beauty and wellness digital business and diversifying its markets and channels. To support the growth of the beauty and wellness business following the Elise Beauty Acquisition, the Board is looking to strengthen its skills in technology, the beauty and wellness industry knowledge and PRC digital economy regulation. The Board will arrange for the relevant Directors to receive appropriate training or, where necessary, consider new appointments to fill any identified gaps.

DIVERSITY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") setting out the approach to achieve diversity on the Board. In reviewing the composition of the Board, the Nomination Committee would take into account various aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills and knowledge. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity.

The measurable objectives adopted by the Nomination Committee under the Board Diversity Policy include: (i) maintaining at least one-third independent non-executive Directors; (ii) maintaining at least one Director with recognised professional qualifications in accounting; (iii) maintaining Board members with experience relevant to the Group's principal businesses; (iv) not maintaining a single-gender Board; and (v) identifying suitably qualified candidates to enhance skills in beauty and wellness, digital/SaaS and PRC regulatory matters. The Nomination Committee reviewed the implementation and effectiveness of the Board Diversity Policy during the year and considered that the objectives had been implemented satisfactorily, while noting the need to further strengthen technology and beauty/wellness industry expertise following the Elise Beauty Acquisition.

The Board will review the implementation and effectiveness of the Board Diversity Policy on an annual basis in accordance with the CG Code.

WORKFORCE DIVERSITY

The Group has adopted a workforce diversity policy which sets out its approach to achieving diversity (including gender diversity) across its workforce, and will review the policy periodically. As at 30 June 2026, the Group had a workforce of 50 employees. Women represented 44% of the Group's workforce excluding senior management and women accounted for 33% of management positions across the Group.

In light of the business nature of the Group, the Group considers the total workforce diversity (including gender diversity) of the Group is balanced as a whole and intends to maintain a similar level of gender diversity of the overall workforce, and will continue to promote diversity through training programs, career supporting programs, equitable recruitment and promotion practices.

DIRECTORS' TRAINING

The Company had arranged and funded suitable training for the directors to attend during the year under review. Every newly appointed Director will be given an introduction of regulatory requirements on or before their respective appointment dates. Mr. Zhang confirmed that he (i) obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on 9 June 2026, and (ii) understood his responsibilities as a director of a listed issuer under the Listing Rules; each of Mr. Yiu and Mr. Ou confirmed that he (i) obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on 15 October 2026, and (ii) understood his responsibilities as a director of a listed issuer under the Listing Rules. Ms. Yang who was appointed on 29 November 2024 had participated in continuous professional development ("**CPD**") as required under Rules 3.09H of the Listing Rules. Mr. Zhang who was appointed on 16 June 2026 and Mr. Yiu and Mr. Ou who were appointed on 21 October 2026 will participate in the CPD as required under Rules 3.09H in due course. During the financial year under review, all Directors had participated in CPD as required under Rules 3.09F and 3.09G of the Listing Rules. Details of the modes, topics and number of hours of CPD undertaken by the current Directors during the financial year under review are set out below:

	Internal training hours/topic	External training hours/topic	Self-study hours/topic	Total training hours
Executive Directors				
Mr. Tam Lup Wai Franky	4 E	8 ABCDE	2 BE	14
Mr. Liu Liyang	4 E	11 ABCDE	2 BE	17
Non-executive Directors				
Mr. Lim Kim Chai, JP	4 E	5 ABCDE	2 BE	11
Independent Non-executive Directors				
Mr. Hau Chi Kit		15 ABCDEF		15
Mr. Leung Chi Hung		24 ABCDEF		24
Mr. Li Hon Kuen		11.5 ABCDE	2 BE	13.5
Ms. Yang Yan Tung Doris		22 ABCDEF		22

Topics

A. Roles, functions and responsibilities of the board, its committees and directors, and board effectiveness
B. Listed issuers' obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rules updates) relevant to the discharge of such obligations and duties;
C. Corporate governance and Environmental, Social and Governance ("**ESG**") matters
D. Risk management and internal controls
E. Updates on Industry developments, business trends and strategies
F. Others (i.e. finance/managerial/leadership)

Notes:

The above external training activities, including webinars, seminars, conferences, forums, industry events, etc, were organised by professional organisations, regulators, governmental authorities, industry associations or other qualified or well-recognised bodies. The modes of participation in the internal training and self-study are mainly reading materials and watching videos.

MECHANISM TO ENSURE INDEPENDENT VIEWS AND INPUT

The Company has adopted its own mechanism pursuant to the CG Code to ensure views and input of Directors are available to the Board and the implementation and effectiveness of which are annually reviewed. Directors are given unrestricted access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that board procedures and all applicable laws, rules and regulations are followed. Directors are entitled to have access to timely information in relation to the Company's business and to make further enquiries, and may, upon reasonable request to the Company Secretary, seek independent professional advice at the Company's expense to assist them in performing their duties to the Company. Proper meeting arrangements and procedures are in place to facilitate open, constructive and informed discussions of relevant issues concerning the Group. During the year ended 30 June 2026, the Board reviewed the implementation and effectiveness of the above mechanism and considered it effective in ensuring that independent views and input are available to the Board.

AUDIT COMMITTEE

The Company's Audit Committee was established in December 1999. As at the date of this annual report, the Audit Committee comprises four INEDs:

Mr. Li Hon Kuen *(Chairman)*
Mr. Hau Chi Kit
Mr. Leung Chi Hung
Ms. Yang Yan Tung Doris

The Audit Committee has adopted terms of reference which are in line with the CG Code. The terms of reference of the Audit Committee are available on the websites of the Hong Kong Stock Exchange and the Company. The primary function of the Audit Committee is to review and monitor the Group's financial reporting process and internal controls. It is also responsible for making recommendation to the Board for the appointment, re-appointment or removal of the external auditor.

During the year ended 30 June 2026, the Audit Committee had reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the audited financial statements and unaudited interim financial statements. The Audit Committee had also reviewed the resources, qualifications and experience of staffs of the Group's accounting and financial reporting function, and their training and budget, and was satisfied with their adequacy.

During the year, the Audit Committee met two times with the external auditors without the presence of management. The Audit Committee has reviewed the audited financial statements for FY2025/26 together with the management and the auditors, including the matters giving rise to the qualified opinion, and has reviewed and endorsed the Management's action plans and the steps to be taken to resolve each qualification as set out in the Management Discussion and Analysis.

REMUNERATION COMMITTEE

The Company's Remuneration Committee was established in August 2005. As at the date of this annual report, the Remuneration Committee comprises three INEDs, an executive Director and a non-executive Director:

Mr. Leung Chi Hung *(Chairman)*
Mr. Hau Chi Kit
Mr. Li Hon Kuen
Mr. Lim Kim Chai
Mr. Yiu Man Fung

The Remuneration Committee has adopted terms of reference which are in line with the CG Code and the model described in code provision E.1.2(c)(ii) of the CG Code. The terms of reference of the Remuneration Committee are available on the websites of the Hong Kong Stock Exchange and the Company. The major functions of the Remuneration Committee are: to make recommendations to the Board on the remuneration packages of individual directors and senior management; to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and to ensure that no director or any of his associates is involved in deciding his own remuneration.

The Group's remuneration policy for executive Directors and senior management is linked to performance, service, experience, scope of responsibility and the Group's results. Remuneration packages comprise basic salaries and allowances, discretionary bonuses and retirement benefit scheme contributions. Performance-related payments are designed to align the interests of executive Directors and senior management with those of shareholders and are assessed by reference to the Group's financial and operational performance and individual contribution. Non-executive Directors and independent non-executive Directors receive directors' fees determined with reference to their responsibilities and market practice. No Director is involved in deciding his or her own remuneration.

During year ended 30 June 2026, the Remuneration Committee had assessed the performance of the executive directors and senior management and considered their remuneration by reference to their experiences and remuneration paid by comparable companies. Details of the remuneration of directors are disclosed on an individual basis and are set out in note 13 to the financial statements.

NOMINATION COMMITTEE

The Company's Nomination Committee was established on 29 March 2012. As at the date of this annual report, the Nomination Committee comprises four INEDs and an executive Director:

Mr. Yiu Man Fung *(Chairman)*
Mr. Hau Chi Kit
Mr. Leung Chi Hung
Mr. Li Hon Kuen
Ms. Yang Yan Tung Doris

The Nomination Committee has adopted terms of reference which are in line with the CG Code. The terms of reference of the Nomination Committee are available on the websites of the Hong Kong Stock Exchange and the Company. The major roles and functions of the Nomination Committee are: (a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (c) assess the independence of independent non-executive directors; (d) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive of the Company and (e) support the issuer's regular evaluation of the board's performance.

During year ended 30 June 2026, the work performed by the Nomination Committee mainly included: (i) reviewed the structure, size and composition of the Board; (ii) assessed the independence of the INEDs; (iii) reviewed and assessed the implementation of the Board Diversity Policy during the period; (iv) make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors; and (v) assessing each Director's time commitment and contribution to the Board, taking into account attendance at meetings, participation in committee work and other directorships held, and concluding that each Director continues to devote sufficient time to the discharge of his/her duties to the Company.

Director Nomination Policy

The Board has adopted a nomination policy (the "**Director Nomination Policy**") which sets out the criteria and process in the nomination and appointment of Directors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and to ensure Board continuity and appropriate leadership at the Board level. The Board has delegated its responsibilities and authority for selection and nomination of Directors to the Nomination Committee in accordance with its terms of reference. Below is the summary of the Director Nomination Policy:

(1) Selection Criteria

The Nomination Committee shall identify and nominate qualified individual(s) for appointment as additional Director(s) or to fill Board vacancies as and when they arise. The criteria to be adopted by the Board in considering each individuals shall be their ability to contribute to the effective carrying out by the Board of its responsibilities set out in the CG Code and the Listing Rules. In evaluating and selecting any candidate for directorship, the following criteria should be considered: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; diversity aspects under the Board Diversity Policy including gender, age (18 years or above), cultural and educational background, racial, professional experience, ethnicity and length of service; (in case of independent non-executive directors) requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules; any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity; willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and any other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning. These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

(2) Nomination Process

(a) Appointment of New Director

(i) The secretary to the Nomination Committee (being the company secretary of the Company according to its terms of reference) shall call for a meeting of the Nomination Committee when he or she receives nominations of candidates from Board members or put forward candidates who are not nominated by any Board member.

(ii) The Nomination Committee should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria listed above to determine whether such candidate is qualified for directorship.

(iii) If the process yields one or more desirable candidates, the Nomination Committee should rank them by order of preference based on the needs of the Company, the criteria listed above and reference check results of each candidate (where applicable).

(iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(v) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation(s) to the Shareholders in respect of the proposed election of director at the general meeting.

(b) Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria listed above.

(iii) The Nomination Committee and/or the Board should then make recommendation(s) to Shareholders in respect of the proposed re-election of director(s) at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to the Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

(i) To develop and review the Company's policies and practices on corporate governance;

(ii) To review and monitor the training and continuous professional development of directors and senior management;

(iii) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) To develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and

(v) To review the Company's compliance with the code and disclosure in the Corporate Governance Report.

During the year ended 30 June 2026, the Board performed the above corporate governance duties, including: (i) reviewing the Company's policies and practices on corporate governance and its compliance with the CG Code and the disclosure in this Corporate Governance Report; (ii) reviewing the training and continuous professional development of Directors and senior management; (iii) reviewing the Company's policies and practices on compliance with legal and regulatory requirements; and (iv) reviewing the Company's compliance with the code of conduct.

BOARD, COMMITTEES AND OTHER MEETINGS

The following table summarises the total number of the meetings and the individual attendance of each director during the year ended 30 June 2026:

	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	SGM held on 10 July 2025	AGM held on 31 October 2025
Executive Directors						
Mr. Tam Lup Wai Franky *(Deputy Chairman)*	8/8	N/A	N/A	N/A	1/1	1/1
Mr. Liu Liyang	7/8	N/A	N/A	N/A	1/1	1/1
Mr. Zhang Yuanzhou	N/A	N/A	N/A	N/A	N/A	N/A
Non-executive Director						
Mr. Lim Kim Chai, J.P.	4/8	N/A	1/2	N/A	0/1	1/1
INEDs						
Mr. Leung Chi Hung	8/8	2/2	2/2	2/2	1/1	1/1
Mr. Hau Chi Kit	6/8	2/2	2/2	2/2	1/1	0/1
Mr. Li Hon Kuen	8/8	2/2	2/2	2/2	1/1	1/1
Ms. Yang Yan Tung Doris	8/8	2/2	N/A	2/2	1/1	1/1

Mr. Zhang Yuanzhou was appointed as an executive Director on 16 June 2026. No meeting was held between the date of his appointment and the end of the financial year. Accordingly, his attendance is not applicable.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors of the Company acknowledge their responsibility for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The directors will select suitable accounting policies and apply them consistently, make judgements and estimates that are prudent, fair and reasonable and prepare the financial statements on a going concern basis.

CHAIRMAN AND CHIEF EXECUTIVE

For the year ended 30 June 2026, the Company did not have a separate Chairman or Chief Executive Officer and accordingly deviated from Code Provision C.2.1 of the CG Code. During the year, Mr. Tam Lup Wai Franky, Deputy Chairman, presided over Board meetings and was responsible for the overall management of the Board. With effect from 21 October 2026, Mr. Yiu Man Fung was appointed as the Chairman of the Board. The Chairman is responsible for the overall management of the Board, ensuring that all Directors are properly briefed on issues arising at Board meetings and that adequate time is allowed for their discussion, fostering constructive relations between Executive and Non-executive Directors, and meeting the Independent Non-executive Directors at least annually without the presence of the Executive Directors. The Company has not appointed a Chief Executive Officer; the functions of that role are performed collectively by all Executive Directors together with the Company Secretary. The Board is of the view that the current arrangement is appropriate to the Group's scale of operations and that the balance of power and authority on the Board is adequately ensured. The Board will keep this arrangement under review and will appoint a Chief Executive Officer when appropriate.

COMPANY SECRETARY

Mr. Situ Min had undertaken sufficient hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the year under review.

AUDITOR'S RESPONSIBILITIES AND REMUNERATION

The statement of ZHONGHUI ANDA regarding their report responsibilities is set out in the Independent Auditor's Report on pages 55 to 61 of this annual report.

The service fees incurred/paid by the Group during the year ended 30 June 2026 and the year ended 30 June 2025 to ZHONGHUI ANDA were as follows:

	Year ended 30 June 2026	Year ended 30 June 2025
Audit service	**HK$965,000**	HK$800,000
Non-audit service	**HK$220,000**	HK$310,000

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the Group's risk management and internal control systems and reviewing their effectiveness at least annually. These systems are designed to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve our corporate objectives. On the other hand, the management is responsible for the design, implementation and maintenance of the risk management and internal control systems.

The Company has adopted a top-down strategic risk management approach and a complementary bottom-up operational risk management process. Risk management starts from the top level with the Board to determine the nature and extent of risk it is willing to take according to our corporate objectives and put them in context of the external environment in which our operations are.

The Executive directors, as part of the management, are responsible for identifying principal risks and the key risk indicators to monitor in accordance with the strategy set by the Board. The Executive directors are also responsible for delivering the strategic actions to the operational level. At the operational level, the head of business units are responsible to execute the strategic actions and report on key risk indicators. Typically these are achieved by implementing sound internal control systems. Internal control system is defined as a system of control procedures for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. Different internal control systems have been set up for the Group's different business units. And to monitor the effectiveness of these systems, the management has also set up an internal audit function.

Whilst responsibility for oversight of risk management rests with the Board, the effective day-to-day management of risk is embedded in all areas of our business and forms an integral part of our risk management system. As such, head of business units maintain regular communication with the Executive directors to report current and emerging risks. Such bottom-up process ensures potential risks are identified and mitigated and significant risks escalated to the Board for consideration as appropriate.

During the year, the Board, through the Audit Committee and the internal audit function, conducted a review of the effectiveness of the Group's material controls, including financial, operational and compliance controls. The Board considers, taking into account the matters described in the "View of Management, Board and Audit Committee on the Auditors' Opinion" section, that the Group's risk management and internal control systems are effective and adequate for the year ended 30 June 2026 except in respect of the matters relating to the exploration and evaluation assets described therein, for which remedial steps have been taken.

The Group maintains an internal audit function responsible for independent appraisal, formulation of audit plan, and review of audit reports. The staffs are of qualified experience and knowledge and has adequacy of resources.

The annual review covered all material controls, including financial, operational and compliance controls, and the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget. In conducting the review, the management, the Audit Committee and the external auditors provided confirmations that the systems had been operated effectively.

In respect of the matter relating to the exploration and evaluation assets described in the "View of Management, Board and Audit Committee on the Auditors' Opinion" section, the Group has completed the debt reduction, rights issue and disposal plan steps described therein and has entered into the Coal Mine Disposal Agreement. The completion of the Coal Mine Disposal is expected to derecognise the exploration and evaluation assets and remove the related qualification basis in the following financial year, save for any residual comparative matter. The Audit Committee will continue to monitor completion status and report to the Board until the disposal is completed.

WHISTLEBLOWING POLICY

The Group has adopted a whistleblowing policy (available on the Company's website) which provides channels for employees and other stakeholders to report, in confidence and without fear of reprisal, any suspected misconduct, fraud or impropriety in financial reporting or other matters. Reports are handled by the Audit Committee and investigated on a confidential basis, with findings reported to the Audit Committee."

ANTI-CORRUPTION POLICY

The Group has adopted an anti-corruption policy (available on the Company's website) which prohibits bribery and corruption in all forms and applies to all Directors, employees and business partners.

DISCLOSURE OF INSIDE INFORMATION

The Group has internal policy and procedures which strictly prohibit unauthorized use of inside information. The Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and conducts the affairs with reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. In addition, only directors and delegated officers are authorized to respond to external enquiries about the Group's affairs.

DIVIDEND POLICY

To maintain a balance between meeting expectations of the shareholders of the Company and prudent capital management, the Company has adopted a dividend policy which sets out the basic principles and considerations factors in determining the distribution of the dividends by the Board. Under the dividend policy, the Company may declare and distribute dividends to the shareholders, provided that the Group records a profit and that the declaration and distribution of dividend does not affect the Group's normal operations, the distribution and payment of dividend shall be subject to the requirements under the Bye-laws of the Company, the Listing Rules, the Companies Act 1981 of Bermuda (as amended) and all applicable laws and regulations. In proposing distribution of dividends, the Board will take into account the factors including the cash flow position of the Company, current and projected profitability of the Company, the debt levels and financial leverage of the Company, the anticipated capital requirements and capital efficiency, the regulatory capital requirements, the Company's long-term development strategy, the industry environment, economic cycles and regulatory changes, and any other factors that the Board deem appropriate. The Board confirmed that all dividend decisions were made in accordance with the Company's dividend policy. The Board does not recommend or declare the payment of any dividend in respect of the year ended 30 June 2026, considering the Group did not record a profit.

ESG REPORT

The Group's Environmental, Social and Governance ("**ESG**") report for FY2025/26 will be published separately on the Company's and HKEX websites in accordance with Appendix C2.

COMMUNICATION WITH SHAREHOLDERS

The Company aims to provide the Shareholders with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed, timely manner, and on-a-regular-basis information of the Group.

Shareholders' Communication Policy

The Group has adopted a Shareholders' Communication Policy, which establishes the framework through which the Company maintains effective, transparent and timely communication with its shareholders, in compliance with the Listing Rules and applicable laws and regulations.

- Purpose and scope: It applies to all shareholders and aims to encourage their active participation in the Company's affairs.

- Communication channels: Information is disseminated through the Company's financial reports and regulatory disclosures, general meetings, and its website, using electronic means, postal mail, publication on the HKEX and Company websites, and distribution at general meetings.

- Content: Communications cover annual and interim reports, circulars and notices (including meeting notices, bye-law amendments and material transactions), announcements, the Report of the Directors and Management Discussion and Analysis, and other legally required information.

- General meetings: Notices are given at least 21 days before an AGM and 14 days before any other general meeting, with facilities for submitting proposals and, where applicable, electronic voting and telephone conferencing.

- Enquiries and feedback: Shareholders may contact the Company Secretariat or the branch share registrar, and reasonable enquiries will be answered within a reasonable time.

For the year ended 30 June 2026, the Board has reviewed the implementation and effectiveness Shareholders' Communication Policy and considers it properly implemented and effective.

Shareholders' meetings

The Board maintains an open and continuing dialogue with the Company's shareholders. Shareholders are encouraged to participate in general meetings or, if they are unable to attend, to appoint proxies to attend and vote on their behalf. The arrangements for general meetings are monitored and reviewed regularly and, where appropriate, are revised to ensure that shareholders' needs are properly addressed.

The Company uses its general meeting as a principal channel of communication with shareholders and seeks to ensure that shareholders' views are communicated to the Board.

The Company held two general meetings during the year under review, including the special general meeting on 10 July 2025 and the annual general meeting on 31 October 2025. Each substantially separate issue is considered by way of a separate resolution. The Deputy Chairman of the Board, the chairmen of the Board committees, other Directors, including the Independent Non-Executive Directors, the external auditor, and the Financial Adviser and Lawyers (if needed) are invited to attend the general meeting and to be available to answer relevant questions from shareholders. All resolutions proposed at the general meetings were passed. The Company's share registrar was appointed as scrutineer to monitor and count the poll votes cast at the meeting. The poll results were published on the respective websites of the Company and the Stock Exchange.

Other engagement activities

The following shareholder and investor engagement activities were conducted under the Shareholders Communication Policy during the year: (i) the publication of interim and annual reports; (ii) timely updated announcement with key information of the Group available on the websites of the Stock Exchange and the Company; and (iii) the Company's branch share registrar in Hong Kong serving the Shareholders in respect of all share registration matters.

Memorandum of association and bye-laws

The Company's Memorandum of association and bye-laws are available on the websites of the Company and the Stock Exchange. No changes were made to the Memorandum of association and bye-laws during the financial year under review.

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting by Shareholders

Pursuant to Bye-law 58, a special general meeting may be convened by the Board upon requisition by any shareholder holding at the date of deposit of the written requisition not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. The shareholder shall make a written requisition to the Board or the Company Secretary of the Company at the head office and principal place of business of the Company in Hong Kong, specifying the shareholding information of the shareholder, their contact details and the proposal regarding any specified transaction/business and its supporting documents. The Board shall arrange to hold such general meeting within two months after the receipt of such written requisition. If within twenty-one days of the receipt of such written requisition, the Board fails to proceed to convene such special general meeting, the shareholder shall do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Putting Forward Proposals at General Meetings

Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by the procedures as set out in the above "Convening of extraordinary general meeting by Shareholders".

Putting Forward Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's head office and principal place of business in Hong Kong at Suite 1909B, 19/F., Tower 3, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Directors present their annual report together with the audited financial statements of the Group for the year ended 30 June 2026.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 44 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the year ended 30 June 2026 are set out in note 9 to the financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 30 June 2026 including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Directors' Statement and Management Discussion and Analysis which set out on pages 3 to 5 and pages 11 to 25 respectively of this annual report. Details about the Group's financial risk management are set out in note 5 to the Consolidated Financial Statements.

The Group is committed to adopting environmentally responsible practices throughout its operations. The key points of our environmental policy to achieve this are:

– Comply with all the environmental laws and regulations that relate to the Group's operations;

– Prevent the environmental impact of our products throughout their design and manufacturing process;

– Ensure every employee understands and is responsible for incorporating environmental considerations in their daily business activities; and

– Pursue continuous improvement in environmental performance.

The Company's principal subsidiary Dongguan Weihang Electrical Product Company Limited has been accredited with ISO 14001, an environmental management system certification, since 2007.

During the year ended 30 June 2026, the Group had complied with the relevant laws and regulations that have a significant impact on the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year ended 30 June 2026 is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	49.58%	–
Five largest customers in aggregate	83.6%	–
The largest supplier	–	12.85%
Five largest suppliers in aggregate	–	39.67%

At no time during the period have the Directors, their associates or any Shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interesting in these major customers and suppliers.

FINANCIAL RESULTS AND APPROPRIATIONS

The Group's results for the year ended 30 June 2026 and the state of the Group's affairs as at that date are set out in the financial statements on pages 62 to 149.

The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2026.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year ended 30 June 2026 are set out in note 39 to the financial statements and the consolidated statement of changes in equity on page 66 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the period are set out in note 18 to the financial statements.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

Particulars of the Company's subsidiaries are set out in note 44 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 30 June 2026 are set out in note 36 to the financial statements.

CONVERTIBLE BONDS

The Company has no convertible bonds in issue during the year ended 30 June 2026.

DIRECTORS

During the period beginning with the end of the previous financial year and ending on the date of the report, the board of Directors of the Company (the "**Board**") comprises:

Executive Directors
Mr. Yiu Man Fung *(Chairman)* (appointed on 21 October 2026)
Mr. Tam Lup Wai Franky *(Deputy Chairman)*
Mr. Liu Liyang (resigned on 21 October 2026)
Mr. Zhang Yuanzhou (appointed on 16 June 2026)
Mr. Ou Zhipeng (appointed on 21 October 2026)

Non-executive Director
Mr. Lim Kim Chai, J.P.

Independent non-executive Directors
Mr. Hau Chi Kit
Mr. Leung Chi Hung
Mr. Li Hon Kuen
Ms. Yang Yan Tung Doris

Pursuant to Bye-law 86(2), any Director appointed by the Board shall hold office only until the next following annual general meeting ("**AGM**") of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr. Zhang Yuanzhou who was appointed on 16 June 2026, and Mr. Yiu Man Fung and Mr. Ou Zhipeng who was appointed on 21 October 2026 will retire from office at the AGM and, being eligible, will put themselves up for re-election at the AGM.

Pursuant to Bye-laws 87, "at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years." Accordingly, Mr. Tam Lup Wai Franky and Mr. Li Hon Kuen will retire from office by rotation and be eligible for re-election in the Company's forthcoming AGM in 2026.

The Company confirmed that it has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 and the Company still considers the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACT

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract, which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company was in force throughout the year ended 30 June 2026. The Company has undertaken Director and Officers Liability Insurance to provide such indemnity to all Directors of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, except for Mr. Lim Kim Chai, the non-executive Director of the Company, none of the Directors and chief executive of the Company nor their associates had any interests and short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

As at the date of this report, Mr. Yiu Man Fung who was appointed as the executive Director of the Company with effect from 21 October 2026 is a substantial shareholder of the Company.

The interests of Mr. Lim Kim Chai and Mr. Yiu Man Fung in shares of the Company as at 30 June 2026 was disclosed in the section titled "Substantial Shareholders' and Other Persons Interests and Short Positions in Shares and Underlying Shares".

SHARE OPTION SCHEME

The Company had an option scheme which was approved in a Shareholders' special general meeting on 31 August 2015 ("**Share Option Scheme 2015**") and it expired on 31 August 2025. Under Share Option Scheme 2015, the Company may offer to any persons who the Board considered, in its sole discretion, have contributed or will contribute to the Group. Details of Share Option Scheme 2015 were set out in the Company's circular on 14 August 2015. No share options were granted or exercised during the year ended 30 June 2025 under Share Option Scheme 2015.

The total number of securities available for issue under the Share Option Scheme 2015 is 4,809,341 shares, which represents 0.23% of the issued shares as at the date of the annual report.

The maximum entitlement of each participant under the Share Option Scheme 2015 in any 12-month period shall not exceed 1% of the issued shares for the time being.

Save as disclosed above, none of the Directors or chief executive of the Company or their spouses or children aged below 18 had any right to subscribe for equity or debt securities of the Company or had exercised any such right during the year under review.

Save for the share option scheme disclosed above, at no time during the year did the Company enter into any equity-linked agreements.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Particulars of the emoluments of Directors and the five highest paid individuals disclosed pursuant to section 161 of the Companies Ordinance and Appendix D2 of the Listing Rules are set out in note 13 to the consolidated financial statements of the Group.

REMUNERATION POLICY OF DIRECTORS

The emoluments of the Directors are first reviewed by the Remuneration Committee and then approved by the Board, with regard to the Directors' skill, knowledge, involvement in the Group's affairs and the performance of each Director, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, other than the interests of the Directors and chief executive of the Company as disclosed in the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures", the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions of substantial shareholders in the shares and underlying shares

Name of Shareholders	Capacity	Number of Shares Held	Approximate % of Shareholding[1]
Low Thiam Herr	Beneficial owner	698,753,840	33.91%
Lim Kim Chai, J.P.[2]	Beneficial owner	440,206,570	21.36%
Yiu Man Fung[3, 4]	Beneficial owner	341,903,719	16.59%
Liang Yan Jun[5]	Interest of spouse	341,903,719	16.59%
Elly Beauty Group Limited	Interest of controlled corporation	341,903,719	16.59%
Elsa Beauty Group Limited	Interest of controlled corporation	341,903,719	16.59%
Yang Bin	Beneficial owner	157,711,287	7.65%

Notes

1. Based on 2,060,601,229 shares of the Company in issue as at the 30 June 2026.

2. Mr. Lim Kim Chai, J.P. is the non-executive Director of the Company.

3. The 341,903,719 shares which were deemed to be interested by Mr. Yiu Man Fung were held by ELLY BEAUTY GROUP LIMITED, for which Elsa Beauty Group Limited has 90% interest and then Mr. Yiu Man Fung has 100% interest in Elsa Beauty Group Limited.

4. Mr. Yiu Man Fung was appointed as an executive Director of the Company on 21 October 2026.

5. Ms. Liang Yan Jun, being the spouse of Mr. Yiu Man Fung, is deemed to be interested in Mr. Yiu Man Fung's interest in the Company by virtue of the SFO.

Save as disclosed above, as at 30 June 2026, no other person had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

DIRECTORS' INTERESTS IN CONTRACT

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year ended 30 June 2026.

COMPETING INTERESTS OF DIRECTORS

Pursuant to Rule 8.10 of the Listing Rules, none of the Directors or their respective close associates is interested in any business, apart from the businesses of the Group, which competes or is likely to compete, directly or indirectly, with the businesses of the Group during the year ended 30 June 2026, or had any other conflict of interest with the Group.

CHARITABLE DONATIONS

During the year ended 30 June 2026, neither the Company nor any of its subsidiaries made any charitable or other donations (2025: Nil).

DISTRIBUTABLE RESERVES

The Company's share premium account, with a balance of HK$259,939,000 as at 30 June 2026, may be applied in paying up unissued shares of the Company to be issued to the Shareholders of the Company as fully paid bonus shares.

The Company's contributed surplus account, with a balance of HK$626,537,000 as at 30 June 2026, is distributable subject to satisfaction of certain solvency requirements and the Company may apply the contributed surplus in any manner not prohibited by the Companies Act and the Bye-laws of the Company.

Save as disclosed above, the Company had no reserves available for distribution to Shareholders of the Company, as computed in accordance with the Companies Act 1981 of Bermuda.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of related party transactions for the year are set out in note 43 to the consolidated financial statements.

Other than disclosed elsewhere in the annual report, there were no transactions that need to be disclosed as connected transactions under Chapter 14A of the Listing Rules during the year under review and the Company has complied with the requirements in Chapter 14A of the Listing Rules.

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 year ended 30 June 2026. Neither the Company nor any of its subsidiaries held any treasury shares during the year.

LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Particulars of loans from banks and other financial institutions of the Group as at 30 June 2026 are set out in note 31 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 150 of this annual report.

PENSION SCHEME

The Group operates a mandatory provident fund scheme ("**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer makes contributions to the scheme at 5% and employees are required to make 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Mandatory contributions to the scheme vest immediately.

Subsidiaries incorporated in the PRC participate in various defined contribution retirement plans (the "**Plans**") organized by local authorities for the Group's employees in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the basic payroll, to the Plans. The Group has no other material obligation for the payment of pension benefits associated with these Plans beyond the annual contributions described above.

Details of the pension scheme contributions of the employees, net of forfeited contributions, which have been dealt with in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2026, are set out in note 35 to the financial statements.

AUDIT COMMITTEE

Pursuant to the Listing Rules, an Audit Committee was established on 28 December 1999 with written terms of reference. As at the date of this annual report, the Audit Committee comprising four independent non-executive Directors, namely Mr. Li Hon Kuen (Chairman of the Audit Committee), Mr. Hau Chi Kit, Mr. Leung Chi Hung and Ms. Yang Yan Tung Doris. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the report period.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of the annual report, there was a sufficient public float of the Company.

AUDITOR

There has been no change of the Company's auditor in the past three years. The financial statements of the Company for the year under review have been audited by ZHONGHUI ANDA, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting in 2026.

By Order of the Board
Tam Lup Wai Franky
Executive Director

Hong Kong, 28 October 2026

中汇 ZHONGHUI

TO THE SHAREHOLDERS OF
Zhongzheng International Company Limited
中證國際有限公司
(Incorporated in Bermuda with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Zhongzheng International Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 62 to 149, which comprise the consolidated statement of financial position as at 30 June 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 recognised 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**") owned 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 the 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the Key audit matters to be communicated in our report.

Interest in an associate

Refer to Note 21 to the consolidated financial statements

The Group tested the amount of interest in Pacific Memory SDN BHD for impairment. This impairment test is significant to our audit because the balance of interest in an associate of approximately HK$541,472,000 as at 30 June 2026 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

– Assessing the competence, independence and integrity of the external valuer engaged by client;

– Obtaining the external valuation report and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgements and assumptions applied in the valuation model;

– Checking key assumptions and input data in the valuation model to supporting evidence; and

– Checking arithmetical accuracy of the valuation model.

We consider that the Group's impairment test for interest in Pacific Memory SDN BHD is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence from points 1 to 6. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Li Chi Hoi
Audit Engagement Director
Practising Certificate Number P07268
Hong Kong, 29 September 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

	Notes	2026 HK$'000	2025 HK$'000
Continuing operations			
Revenue		**70,426**	116,785
Interest revenue		**–**	510
Total revenue	*7*	**70,426**	117,295
Cost of sales		**(53,710)**	(90,706)
Gross profit		**16,716**	26,589
Other income and other gains and losses	*8*	**14,695**	1,731
Selling and distribution expenses		**(1,141)**	(1,691)
Research and development expenses		**(492)**	–
Administrative expenses		**(50,416)**	(53,080)
Loss from operations		**(20,638)**	(26,451)
Impairment losses on exploration and evaluation assets	*17*	**(15,561)**	(5,752)
Expected credit losses ("**ECLs**") on loans and interests receivables	*23*	**–**	(3,917)
ECLs on entrusted loans and interests receivables	*24*	**(18)**	–
ECLs on trade receivables	*26(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	*38*	**4,663**	–
Share of results of an associate		**(43,148)**	(29,637)
Finance costs	*10*	**(11,837)**	(14,951)
Loss before tax from continuing operations		**(86,523)**	(94,404)
Income tax credit/(expenses)	*11*	**27**	(91)
Loss for the year from continuing operations		**(86,496)**	(94,495)
Discontinued operations			
Loss for the year from discontinued operations	*37*	**–**	(55,670)
Loss for the year	*12*	**(86,496)**	(150,165)
Loss for the year attributable to:			
Owners of the Company		**(86,496)**	(94,495)
From continuing operations			
From discontinued operations		**–**	(52,208)
		(86,496)	(146,703)
Non-controlling interests			
From continuing operations		**–**	–
From discontinued operations		**–**	(3,462)
		–	(3,462)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

	Notes	2026 *HK$'000*	2025 *HK$'000*
Loss for the year		**(86,496)**	(150,165)
Other comprehensive income/(loss):	*16*		
Items that may be reclassified to profit or loss:			
Exchange differences reclassified to profit or loss upon disposal of subsidiaries		**–**	53,705
Exchange differences on translating foreign operations		**866**	(4,567)
Share of associates' exchange differences on translating foreign operations		**20,190**	63,100
		21,056	112,238
Items that will not be reclassified to profit or loss:			
Gain/(loss) on property revaluation		**4,007**	(131)
Fair value changes of financial assets (equity investments) at fair value through other comprehensive income ("**FVTOCI**")		**(3,255)**	(473)
		752	(604)
Other comprehensive income for the year, net of tax		**21,808**	111,634
Total comprehensive loss for the year		**(64,688)**	(38,531)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(64,688)**	(33,972)
Non-controlling interests		**–**	(4,559)
		(64,688)	(38,531)
Loss per share	*15*		(Restated)
From continuing and discontinued operations			
Basic *(cents per share)*		**(5.27)**	(22.25)
Diluted *(cents per share)*		**N/A**	N/A
From continuing operations			
Basic *(cents per share)*		**(5.27)**	(14.33)
Diluted *(cents per share)*		**N/A**	N/A
From discontinued operations			
Basic *(cents per share)*		**–**	(7.92)
Diluted *(cents per share)*		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current assets			
Exploration and evaluation assets	17	**9,950**	25,623
Property, plant and equipment	18	**445**	59,849
Intangible assets	19	**42,937**	–
Right-of-use assets	20	**785**	263
Interests in an associate	21	**541,472**	564,430
Financial assets at FVTOCI	22	**3,042**	6,297
Entrusted loans and interests receivables	24	**1,433**	–
Deferred tax assets	34	**65**	–
		600,129	656,462
Current assets			
Inventories	25	**–**	20,813
Trade and other receivables	26	**15,750**	33,226
Loans and interests receivables	23	**914**	1,234
Entrusted loans and interests receivables	24	**2,258**	–
Amount due from an associate	27	**21,881**	21,881
Financial assets at FVTPL	28	**19,190**	–
Bank and cash balances	29	**94,493**	11,352
		154,486	88,506
Current liabilities			
Trade and other payables	30	**(46,499)**	(109,325)
Lease liabilities	33	**(375)**	(196)
Borrowings	31	**(8,527)**	(25,157)
Shareholders loans	32	**–**	(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
Non-current liabilities			
Lease liabilities	33	**(428)**	–
Borrowings	31	**–**	(32,837)
Shareholders loans	32	**(218,722)**	(250,000)
Deferred tax liabilities	34	**(5,741)**	(14,412)
		(224,891)	(297,249)
NET ASSETS		**471,756**	259,094

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	2026 *HK$'000*	2025 *HK$'000*
Capital and reserves			
Share capital	*36*	**1,648**	513
Reserves	*39*	**470,108**	258,581
TOTAL EQUITY		**471,756**	259,094

The consolidated financial statements on pages 62 to 149 were approved and authorised for issue by the board of directors on 29 September 2026 and were signed on its behalf by:

Approved by:

Tam Lup Wai Franky
Director

Zhang Yuanzhou
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2026

	Attributable to owners of the Company											
	Share capital	Share premium	Contributed surplus	Foreign currency translation reserve	Warrant reserve	Other reserve	Investment revaluation reserve	Property revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2024	513	899,144	626,537	(157,590)	24,226	33,251	–	47,061	(1,180,076)	293,066	(178,017)	115,049
Disposal of subsidiaries *(note 37)*	–	–	–	–	–	–	–	–	–	–	182,576	182,576
Total comprehensive loss for the year	–	–	–	113,335	–	–	(473)	(131)	(146,703)	(33,972)	(4,559)	(38,531)
At 30 June 2025	513	899,144	626,537	(44,255)	24,226	33,251	(473)	46,930	(1,326,779)	259,094	–	259,094
At 1 July 2025	513	899,144	626,537	(44,255)	24,226	33,251	(473)	46,930	(1,326,779)	259,094	–	259,094
Share premium reduction *(Note)*	–	(899,144)	–	–	–	–	–	–	899,144	–	–	–
Contribution from shareholders *(note 32)*	–	–	–	–	–	528	–	–	–	528	–	528
Issue of shares for debt capitalisation *(note 36(b))*	404	90,924	–	–	–	–	–	–	–	91,328	–	91,328
Issue of shares on rights issue *(note 36(c))*	458	111,507	–	–	–	–	–	–	–	111,965	–	111,965
Issue of shares upon acquisition of subsidiaries *(note 36(d))*	273	57,508	–	–	–	–	–	–	–	57,781	–	57,781
Revaluation surplus released upon disposal of land and buildings	–	–	–	–	–	–	–	(66,685)	66,685	–	–	–
Reversal of deferred tax liabilities upon release of revaluation surplus *(note 34)*	–	–	–	–	–	–	–	15,748	–	15,748	–	15,748
Total comprehensive loss for the year	–	–	–	21,056	–	–	(3,255)	4,007	(86,496)	(64,688)	–	(64,688)
At 30 June 2026	1,648	259,939	626,537	(23,199)	24,226	33,779	(3,728)	–	(447,446)	471,756	–	471,756

Note: Pursuant to a special general meeting resolution passed on 10 July 2025, the entire amount of the share premium of the Company of approximately HK$899.1 million was reduced and applied towards setting off part of the accumulated losses of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2026

	2026	2025
	HK$'000	*HK$'000*
Cash flows from operating activities		
Loss before tax	**(86,523)**	(150,040)
Adjustments for:		
Share of results of an associate	**43,148**	29,637
Finance costs	**11,837**	22,111
Interest income	**(1,194)**	(890)
Depreciation of right of use assets	**608**	1,050
Amortisation of exploration and evaluation assets	**112**	325
Depreciation of property, plant and equipment	**2,013**	3,462
Amortisation of other intangible assets	**420**	–
Gain on Debt Capitalisation *(note 32)*	**(9,587)**	–
Gain on bargain purchase on acquisition of subsidiaries	**(4,663)**	–
Impairment losses on exploration and evaluation assets	**15,561**	5,752
Bad debts written off	**460**	–
ECLs on loan and interest receivables	**–**	3,917
ECLs on entrusted loan and interest receivables	**18**	–
Impairment of other receivables	**–**	13,696
ECLs on trade receivables	**4**	–
Written off of property, plant and equipment	**794**	2
Fair value changes on financial assets at FVTPL	**(20)**	–
Gain on disposal of property, plant and equipment	**(2,250)**	–
Loss on disposal of subsidiaries	**–**	48,051
Operating loss before working capital changes	**(29,262)**	(22,927)
Change in inventories	**20,813**	(2,409)
Change in trade and other receivables	**18,825**	1,148
Change in loans and interests receivables	**320**	(271)
Change in entrusted loans and interests receivables	**282**	–
Change in trade and other payables	**(58,381)**	(5,059)
Cash used in operations	**(47,403)**	(29,518)
Interests received	**1,191**	16
Tax paid	**(45)**	(269)
Net cash used in operating activities	**(46,257)**	(29,771)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2026

	2026 *HK$'000*	2025 *HK$'000*
Cash flows from investing activities		
Purchase of property, plant and equipment	**(111)**	(188)
Net cash outflow from disposal of subsidiaries	**–**	(16,123)
Net cash inflow from acquisition of subsidiaries	**2,128**	–
Acquisition of financial assets at FVTPL	**(1,119)**	–
Proceeds from disposal of property, plant and equipment	**66,164**	–
Net cash generated from/(used in) investing activities	**67,062**	(16,311)
Cash flows from financing activities		
New borrowings	**5,961**	57,547
Repayment of borrowings	**(56,526)**	(28,684)
Advance from shareholders	**–**	12,500
Repayment of lease liabilities	**(570)**	(1,185)
Proceeds from rights issue	**111,965**	–
Interests paid	**(973)**	(1,416)
Net cash generated from financing activities	**59,857**	38,762
Net increase/(decrease) in cash and cash equivalents	**80,662**	(7,320)
Cash and cash equivalents at the beginning of the year	**11,352**	20,135
Effect of changes in foreign exchange rate	**2,479**	(1,463)
Cash and cash equivalents at the end of the period	**94,493**	11,352
Analysis of cash and cash equivalents		
Bank and cash balances	**94,493**	11,352

1. GENERAL INFORMATION

Zhongzheng International Company Limited 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.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 44 to the consolidated financial statements.

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 37).

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 condensed 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. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the financial assets at FVTOCI, the financial assets at FVTPL and the revaluation of land and buildings held by the Group which are carried at their fair values.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June 2026. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Consolidation *(Continued)*

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, financial assets at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combination and goodwill *(Continued)*

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (Impairment of assets) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Interest in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Associates *(Continued)*

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Land and buildings comprise mainly factories and offices. Land and buildings are carried at fair values, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Revaluation increases of land and buildings are recognised in profit or loss to the extent that the increases reverse revaluation decreases of the same asset previously recognised in profit or loss. All other revaluation increases are credited to the property revaluation reserve as other comprehensive income. Revaluation decreases that offset previous revaluation increases of the same asset remaining in the property revaluation reserve are charged against the property revaluation reserve as other comprehensive income. All other decreases are recognised in profit or loss. On the subsequent sale or retirement of a revalued land and building, the attributable revaluation increases remaining in the property revaluation reserve is transferred directly to retained profits.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs/revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Land and buildings	30 years
Leasehold improvements	Shorter of unexpired lease term or estimated useful life
Plant and machinery	5 years
Furniture, fixtures, office equipment and motor vehicles	3 to 5 years
Moulds and tools	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Intangible assets

(a) Computer software

Computer software is stated at cost less accumulated amortisation and impairment. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are amortised over their estimated useful lives of 3 to 5 years using the straight-line method.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

(b) Research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's business development is recognised only if all of the following conditions are met:

– An asset is created that can be identified (such as software and new processes);

– It is probable that the asset created will generate future economic benefits; and

– The development cost of the asset can be measured reliably.

Internally generated intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 5 years. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

(c) Technology know-how

Technology know-how acquired in a business combination is recognised at fair value at the acquisition date. Technology know-how is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 8 years.

(d) Backlogs

Backlogs acquired in a business combination are recognised at fair value at the acquisition date. Backlogs are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 3 years.

(e) Customer relationship

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. Customer relationship is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 10 years.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less accumulated impairment losses. Exploration and evaluation assets include the cost of exploration and exploitation rights and 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. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as intangible assets and property, plant and equipment.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is adjusted for impairment in accordance with HKAS 36 "Impairment of Assets" whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

– the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

– substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

– exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or

– sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the consolidated profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land and buildings	33 $^{1}/_{3}$%

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(ii) Finance leases

Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the leases.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

Financial assets at fair value through other comprehensive income

– On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial assets at fair value through other comprehensive income *(Continued)*

– Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the equity investment revaluation reserve are not reclassified to profit or loss. Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Financial assets at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged in profit or loss represents contributions payable by the Group to the funds.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and its joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than inventories, properties under development for sales, properties held for sales and receivables, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of assets *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Discontinued operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Discontinued operations *(Continued)*

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

– The post-tax profit or loss of the discontinued operation; and

– The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Intangible assets and amortisation

The Group determines the estimated useful lives, residual values and related amortisation charges for the Group's intangible assets. This estimate is based on the historical experience of the actual useful lives and residual values of intangible assets of similar nature and functions. The Group will revise the amortisation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade, loans, and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(c) Impairment of interests in associates

Interests in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the residual value of the property development project, which is estimated after deduction of the expected development costs and developer's profits from its gross development value. Where the residual value of the property development project is less than expected or there are unfavourable events and change in facts and circumstance which result in revision of the residual value of the property development project, a material impairment loss may arise.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk, interest rate risk and price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

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 Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk

The carrying amount of the cash and bank balances, amounts due from associates, trade, loans, interests and other receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has significant concentration of credit risk to its trade receivables as the Group's largest customer contributed over approximately 50% (30 June 2025: 55%) of the revenue for the year and shared over approximately 64% (30 June 2025: 65%) of the trade receivables at the end of the reporting year. The Group has policies and procedures to monitor the collection of the trade receivables to limit the exposure to non-recoverable of the receivables and there is no recent history of default for the customer.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

- actual or expected significant changes in the operating results of the borrower;

- significant increases in credit risk on other financial instruments of the same borrower; and

- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk *(Continued)*

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a receivable for write off when the Group determine that the debtor does not have assets or source of income that could generate sufficient cash flow to repay the amounts subject to write-off. Where receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade loan and other receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward-looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk *(Continued)*

	Entrusted loans and interests receivables	Loans and interests receivables	Amounts due from associates	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 30 June 2026	**3,709**	**45,618**	**21,881**	**71,208**
Loss allowance	**(18)**	**(44,704)**	**–**	**(44,722)**
Carrying amount	**3,691**	**914**	**21,881**	**26,486**
Balance at 30 June 2025	–	45,938	21,881	67,819
Loss allowance	–	(44,704)	–	(44,704)
Carrying amount	–	1,234	21,881	23,115
Expected credit loss rate				
30 June 2026	0.5%	98%	0%	63%
30 June 2025	N/A	97%	0%	66%

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	HK$'000	*HK$'000*	*HK$'000*
At 30 June 2026			
Borrowings	**8,527**	**–**	**–**
Lease liabilities	**407**	**440**	**–**
Shareholders loans	**10,936**	**224,190**	**–**
Trade and other payables	**46,392**	**–**	**–**
At 30 June 2025			
Borrowings	26,176	963	33,376
Lease liabilities	198	–	–
Shareholders loans	60,040	11,940	255,970
Trade and other payables	109,325	–	–

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits, borrowings and unsecured other loans.

Secured bank and other loans and lease liabilities are arranged at fixed interest rates and expose the Group to fair value interest rate risks. Other bank deposits and borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 30 June 2026, as the Group has minimal exposure to interest rate risk, the Group's operating cash flows are substantially independent of changes in market interest rates.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Price risk

The Group's financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security risk and investment products price risk respectively.

At 30 June 2026, if the share price of the equity securities increase/decrease by 10%, investment revaluation reserve would have been approximately HK$304,000 (2025: HK$630,000) higher/lower, arising as a result of the fair value gain/loss of the investments.

At 30 June 2026, if the prices of the investment products increase/decrease by 1%, loss after tax for the year would have been approximately HK$192,000 (2025: N/A) lower/higher, arising as a result of the fair value gain/loss of the investments.

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate to their respective fair values.

(g) Categories of financial instruments

	2026	2025
	HK$'000	*HK$'000*
Financial assets		
Financial assets at FVTOCI	**3,042**	6,297
Financial assets at FVTPL	**19,190**	–
Financial assets at amortised cost (including cash and cash equivalent)	**134,290**	66,894
Financial liabilities		
Financial liabilities at amortised cost	**273,641**	465,419

6. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 30 June:

	Fair value measurements using:			Total
Description	**Level 1**	**Level 2**	**Level 3**	**2026**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurements:				
Financial assets at FVTOCI	**3,042**	**–**	**–**	**3,042**
Financial assets at FVTPL	**–**	**19,190**	**–**	**19,190**

Disclosures of level in fair value hierarchy at 30 June:

	Fair value measurements using:			Total
Description	Level 1	Level 2	Level 3	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements:				
Financial assets at FVTOCI	6,297	–	–	6,297
Land and buildings	–	–	55,932	55,932

6. FAIR VALUE MEASUREMENTS *(Continued)*

(b) Reconciliation of assets measured at fair value based on level 3:

	Land and buildings	
Description	**2026**	2025
	HK$'000	*HK$'000*
At 1 July	**55,932**	56,642
Total gains/(losses) recognised in other comprehensive income	**5,343**	(175)
Depreciation	**(403)**	(1,555)
Disposal	**(62,118)**	–
Exchange difference	**1,246**	1,020
At 30 June	**–**	55,932

The total losses recognised in other comprehensive income are presented in loss on property revaluation in the statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's directors are responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. Discussions of valuation processes and results are held between the financial controller and the board of directors at least twice a year.

Level 2 fair value measurements

The fair value of financial assets at FVTPL represented the fixed income wealth management products, of which the fair value was determined using the price quoted by financial institutions.

6. FAIR VALUE MEASUREMENTS *(Continued)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: *(Continued)*

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value if the inputs increases	Range	Fair value 2025 *HK$'000*
Land and buildings	Replacement cost	Market value for the existing use of the land	Increase	RMB1,510/m^2	
		Current cost of replacing the improvements	Increase	RMB1,467-2,467/m^2	
		Deduction for physical deterioration and all relevant forms of obsolescence and optimisation	Decrease	56%-58%	
					55,932

7. REVENUE

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

	2026	2025
	HK$'000	*HK$'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

7. REVENUE *(Continued)*

Note:

Disaggregation of revenue from contracts with customers:

	2026				2025		
Segments	**IT services fee income on software applications for the beauty and wellness industry** *HK$'000*	**Healthcare and household products** *HK$'000*	**Coal mining** *HK$'000*	**Total revenue** *HK$'000*	Healthcare and household products *HK$'000*	Coal mining *HK$'000*	Total revenue *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	**908**	**69,120**	**398**	**70,426**	115,183	1,602	116,785

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.

7. REVENUE *(Continued)*

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.

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.

8. OTHER INCOME AND OTHER GAINS AND LOSSES

	2026	2025
	HK$'000	*HK$'000*
Income from scrap sales	**1,200**	412
Interest income	**1,194**	16
Net exchange gains	**314**	1,082
Gain on Debt Capitalisation *(note 32)*	**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

9. 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 38), 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.

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated financial statements. 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 *HK$'000*	Manufacturing and trading of healthcare and household products *HK$'000*	Coal mining business *HK$'000*	Total *HK$'000*
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**

9. SEGMENT INFORMATION *(Continued)*
Information about reportable segment profit or loss, assets and liabilities: *(Continued)*

	Manufacturing and trading of healthcare and household products *HK$'000*	Coal mining business *HK$'000*	Total *HK$'000*
2025			
Revenue	115,183	1,602	116,785
Segment loss	(14,804)	(4,982)	(19,786)
Finance costs	(1,074)	–	(1,074)
Depreciation 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

9. SEGMENT INFORMATION *(Continued)*

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

	2026	2025
	HK$'000	*HK$'000*
Revenue:		
Healthcare and household products business	**69,120**	115,183
Research and development of software applications for beauty and wellness industry business	**908**	–
Coal mining business	**398**	1,602
Interest income from money lending business	**–**	510
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	2025
	HK$'000	*HK$'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

9. SEGMENT INFORMATION *(Continued)*
Geographical information:

	2026	2025
	HK$'000	*HK$'000*
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
	70,426	117,295

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

9. SEGMENT INFORMATION *(Continued)*
Revenue from major customers:

	2026	2025
	HK$'000	*HK$'000*
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.

10. FINANCE COSTS

	2026	2025
	HK$'000	*HK$'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
	11,837	22,111
Representing		
Continuing operations	**11,837**	14,951
Discontinued operations	**–**	7,160
	11,837	22,111

11. INCOME TAX (CREDIT)/EXPENSES

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

Foshan YS Technology Co., Ltd.* ("**Foshan YS**") was recognised by relevant Mainland China authorities as National High and New Technological Enterprise ("**NHNTE**") 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 rate of 25% on their profits for PRC statutory financial reporting purposes, adjusted for items that are non-assessable or non-deductible for 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 English name is for identification purpose only*

11. INCOME TAX (CREDIT)/EXPENSES *(Continued)*

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

	2026	2025
	HK$'000	*HK$'000*
Loss before tax	**(86,523)**	(150,040)
Add: Share of results of associated companies	**43,148**	29,637
	(43,375)	(120,403)
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 *(Note 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	**3**	–
Income tax (credit)/expenses for the year	**(27)**	125

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.

12. LOSS FOR THE YEAR

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

	2026	2025
	HK$'000	*HK$'000*
Auditor's remuneration	**965**	800
Cost of inventories sold[#]	**53,710**	90,706
Depreciation – property, plant and equipment *(note 18)*	**2,013**	3,462
Depreciation – right of use assets *(note 20)*	**608**	1,050
Amortisation of intangible assets *(note 19)*	**420**	–
Amortisation of exploration and evaluation assets *(note 17)*	**112**	325
Impairment loss on exploration and evaluation assets *(note 17)*	**15,561**	5,752
ECLs on loan and interests receivables *(note 23)*	**–**	3,917
ECLs on entrusted loan and interests receivables *(note 24)*	**18**	–
ECLs on trade receivables *(note 26(a))*	**4**	–
ECLs on 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.

13. DIRECTORS AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

The emoluments of each director were as follows:

2026	Notes	Fees HK$'000	Salaries and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Tam Lup Wai Franky		–	**920**	**18**	**938**
Mr. Liu Liyang		–	**1,800**	**3**	**1,803**
Mr. Zhang Yuanzhou	*b*	–	**53**	**2**	**55**
Non-executive Director					
Mr. Lim Kim Chai		–	–	–	–
Independent Non-executive Directors					
Mr. Hau Chi Kit		**180**	–	–	**180**
Mr. Leung Chi Hung		**180**	–	–	**180**
Mr. Li Hon Kuen		**180**	–	–	**180**
Ms. Yang Yan Tung Doris	*a*	**180**	–	–	**180**
Total for the year ended 30 June 2026		**720**	**2,773**	**23**	**3,516**

13. DIRECTORS AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS *(Continued)*

2025	*Notes*	Fees *HK$'000*	Salaries and allowances *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total *HK$'000*
Executive Directors					
Mr. Tam Lup Wai Franky		–	854	18	872
Mr. Liu Liyang		–	1,800	18	1,818
Non-executive Director					
Mr. Lim Kim Chai		–	–	–	–
Independent Non-executive Directors					
Mr. Hau Chi Kit		180	–	–	180
Mr. Leung Chi Hung		180	–	–	180
Mr. Li Hon Kuen		180	–	–	180
Ms. Yang Yan Tung Doris	*a*	106	–	–	106
Total for the year ended 30 June 2025		646	2,654	36	3,336

Notes:

a Appointed on 29 November 2024

b Appointed on 16 June 2026

13. DIRECTORS AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS *(Continued)*

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

The five highest paid individuals in the Group during the period included two (2025: two) directors, whose emoluments are reflected in the analysis above. The emoluments of the remaining three (2025: three) individuals is set out below:

	2026	2025
	HK$'000	*HK$'000*
Basic salaries and allowances	**2,742**	2,716
Retirement benefits scheme contributions	**54**	53
	2,796	2,769

The emoluments fell within the following bands:

	Number of individuals	
	2026	2025
Emolument band:		
Nil – HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	1
	3	3

14. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the year ended 30 June 2026 (2025: Nil).

15. 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.

16. OTHER COMPREHENSIVE INCOME/(LOSS)

Items of other comprehensive income/(loss) for the year with their respective related tax effects as follows:

	2026			2025		
	Amount before tax *HK$'000*	**Tax** *HK$'000*	**Amount after tax** *HK$'000*	Amount before tax *HK$'000*	Tax *HK$'000*	Amount after tax *HK$'000*
Exchange differences on translating foreign operations	**866**	**–**	**866**	(4,567)	–	(4,567)
Share of associates exchange differences on translating foreign operations	**20,190**	**–**	**20,190**	63,100	–	63,100
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**–**	**–**	**–**	53,705	–	53,705
Fair value changes of financial assets (equity investments) at FVTOCI	**(3,255)**	**–**	**(3,255)**	(473)	–	(473)
Gain/(loss) on property revaluation	**5,343**	**(1,336)**	**4,007**	(175)	44	(131)
Other comprehensive income	**23,144**	**(1,336)**	**21,808**	111,590	44	111,634

17. 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.

17. EXPLORATION AND EVALUATION ASSETS *(Continued)*

(c) *(Continued)*

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 has revised the mining plan to determine the recoverable amount on the basis of its value-in-use using the discount cash flow method (level 3 fair value measurement) using cash flow projections based on financial budgets approved by the management with a 14-years period, being the duration of the remaining production years as approved in the mining license. The annual production capacity on financial budgets 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.

18. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures, office equipment and motor vehicles *HK$'000*	Moulds and tools *HK$'000*	Total *HK$'000*
Cost or Valuation						
At 1 July 2024	56,642	2,099	29,192	31,029	30,619	149,581
Additions	–	–	60	111	17	188
Revaluation	(1,751)	–	–	–	–	(1,751)
Written off	–	–	–	(65)	(32)	(97)
Disposal of subsidiaries *(note 37)*	–	–	(1,716)	–	–	(1,716)
Exchange differences	1,041	–	627	325	333	2,326
At 30 June 2025 and 1 July 2025	55,932	2,099	28,163	31,400	30,937	148,531
Additions	–	–	19	50	42	111
Revaluation	5,343	–	–	–	–	5,343
Written off	–	–	(2,645)	(499)	(102)	(3,246)
Acquisition of subsidiaries *(note 38)*	–	–	–	454	–	454
Disposal	(62,533)	–	(24,653)	(22,596)	(16,980)	(126,762)
Exchange differences	1,258	–	775	453	419	2,905
At 30 June 2026	**–**	**2,099**	**1,659**	**9,262**	**14,316**	**27,336**
Accumulated depreciation and impairment						
At 1 July 2024	–	1,994	23,119	31,029	30,619	86,761
Charge for the year *(note 12)*	1,555	79	1,748	27	53	3,462
Write back on revaluation	(1,576)	–	–	–	–	(1,576)
Written off	–	–	–	(65)	(30)	(95)
Disposal of subsidiaries *(note 37)*	–	–	(1,030)	–	–	(1,030)
Exchange differences	21	–	541	317	281	1,160
At 30 June 2025 and 1 July 2025	–	2,073	24,378	31,308	30,923	88,682
Charge for the year *(note 12)*	403	26	1,518	24	42	2,013
Written off	–	–	(1,871)	(493)	(88)	(2,452)
Disposal	(415)	–	(23,044)	(22,410)	(16,979)	(62,848)
Exchange differences	12	–	678	388	418	1,496
At 30 June 2026	**–**	**2,099**	**1,659**	**8,817**	**14,316**	**26,891**
Carrying amounts						
At 30 June 2026	**–**	**–**	**–**	**445**	**–**	**445**
At 30 June 2025	55,932	26	3,785	92	14	59,849

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The analysis of the cost or valuation at 30 June 2026 of the above assets is as follows:

	Land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures, office equipment and motor vehicles *HK$'000*	Moulds and tools *HK$'000*	Total *HK$'000*
At cost	–	2,099	1,659	9,262	14,316	27,336
At valuation	–	–	–	–	–	–
	–	2,099	1,659	9,262	14,316	27,336

The analysis of the cost or valuation at 30 June 2025 of the above assets is as follows:

	Land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures, office equipment and motor vehicles *HK$'000*	Moulds and tools *HK$'000*	Total *HK$'000*
At cost	–	2,099	28,163	31,400	30,937	92,599
At valuation	55,932	–	–	–	–	55,932
	55,932	2,099	28,163	31,400	30,937	148,531

(a) As at 30 June 2025, the Group's land and buildings were revalued by BMI Appraisal Limited, an independent firm of professional valuer, on the open market value basis with reference to market evidence of recent transactions for similar properties.

At 30 June 2025, the carrying amount of the Group's land and buildings would be approximately HK$5,058,000 had they been stated at cost less accumulated depreciation and impairment losses.

(b) As at 30 June 2025, certain land and buildings, amounted approximately HK$55,932,000 of the Group were pledged to secure banking facilities granted to the Group (note 41).

19. INTANGIBLE ASSETS

	Backlogs	Technology know-how	Customer relationship	Computer software	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note)	*(Note)*	*(Note)*	*(Note)*	
Cost					
At 1 July 2024, 30 June 2025 and 1 July 2025	–	–	–	–	–
Acquisition of subsidiaries *(note 38)*	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 12)*	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 38) 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 know-how	8 years
Customer relationship	10 years
Computer software	3 to 5 years

20. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2026 *HK$'000*	2025 *HK$'000*
Right-of-use assets		
– Land and buildings	**785**	263

The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:

– Less than 1 year	**407**	198
– Between 1 and 2 years	**440**	–
	847	198

	2026 *HK$'000*	2025 *HK$'000*
Depreciation charge of right-of-use assets		
– Land and buildings	**608**	1,050
Lease interests	**47**	69
Expenses related to short-term leases	**32**	54
Total cash outflow for leases	**602**	1,239
Additions to right-of-use assets	**1,130**	–

The Group leases land and buildings. Lease agreements are typically made for fixed periods of 3 years (2025: 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

21. INTERESTS IN AN ASSOCIATE

	2026	2025
	HK$'000	*HK$'000*
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 associates prepared under HKFRS Accounting Standards.

	2026	2025
	HK$'000	*HK$'000*
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

21. INTERESTS IN AN ASSOCIATE *(Continued)*

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

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2026	2025
	HK$'000	*HK$'000*
Listed equity securities in the U.S., at fair value – analysed as non-current assets	**3,042**	6,297

Investments in listed equity securities are held for an long term strategic purpose so the Group does not intend to dispose them in the foreseeable future. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

23. LOANS AND INTERESTS RECEIVABLES

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

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

	2026	2025
	HK$'000	*HK$'000*
Over 365 days	**776**	1,096

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).

23. LOANS AND INTERESTS RECEIVABLES *(Continued)*

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

	2026	2025
	HK$'000	*HK$'000*
At 1 July	**44,704**	44,987
ECLs recognised during the year *(note 12)*	**–**	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

24. ENTRUSTED LOANS AND INTERESTS RECEIVABLES

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

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	**3,670**	–

During the year ended 30 June 2026, the Group introduced a new business through the acquisition of Elise Beauty Group Limited (note 38), 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).

24. ENTRUSTED LOANS AND INTERESTS RECEIVABLES *(Continued)*

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

	2026	2025
	HK$'000	*HK$'000*
At 1 July	**–**	–
ECLs recognised during the year *(note 12)*	**18**	–
At 30 June	**18**	–

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**

25. INVENTORIES

	2026	2025
	HK$'000	*HK$'000*
Raw materials	**–**	11,126
Work in progress	**–**	1,779
Finished goods	**–**	7,908
	–	20,813

26. 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 30 to 180 days to its trade customers. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	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

26. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2026	2025
	HK$'000	*HK$'000*
At 1 July	**–**	–
Increase in expected credit losses for the year *(note 12)*	**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)*	–	–	–	–

27. AMOUNT DUE FROM AN ASSOCIATE

	2026	2025
	HK$'000	*HK$'000*
Pacific Memory SDN BHD	**21,881**	21,881

As at 30 June 2026 and 2025, the amount due from Pacific Memory SDN BHD are shareholder's loan and is unsecured, interest-free and have no fixed repayment terms.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

29. BANK AND CASH BALANCES

Bank and cash balances are denominated in the following currencies:

	2026	2025
	HK$'000	*HK$'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.

30. TRADE AND OTHER PAYABLES

	Note	**2026**	2025
		HK$'000	*HK$'000*
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	2025
	HK$'000	*HK$'000*
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	30 June 2025	1 July 2024
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities	**107**	–	171,922

30. TRADE AND OTHER PAYABLES *(Continued)*

(a) Trade payables *(Continued)*

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

	2026	2025
	HK$'000	*HK$'000*
– 2027	**107**	–

Movements in contract liabilities during the year:

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

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.

31. BORROWINGS

	2026 *HK$'000*	2025 *HK$'000*
Secured bank loans	–	32,837
Unsecured other loans	**8,527**	25,157
	8,527	57,994
Analysed for reporting purposes as:		
– Non-current liabilities	–	32,837
– Current liabilities	**8,527**	25,157
	8,527	57,994
The Group's borrowings at the end of the reporting period were denominated in the following currencies:		
– RMB	**6,147**	55,614
– Hong Kong Dollar	**2,380**	2,380
	8,527	57,994

The Group's borrowings at the end of the reporting period were repayable as follows:

	Bank Borrowings		Other Borrowings	
	2026 ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*
– Within one year or on demand	–	–	**8,527**	25,157
– More than two years, but not exceeding five years	–	32,837	–	–
	–	32,837	**8,527**	25,157

31. BORROWINGS *(Continued)*

At 30 June 2026

The unsecured other loans as at 30 June 2026 represent loans of approximately HK$2,380,000 which are interest free and repayment on demand and loans of approximately HK$6,147,000 (of which approximately HK$2,800,000 borrowed from chief financial officer of the Company) which are interest free and repayable by 31 December 2026.

At 30 June 2025

The secured bank loans represent loans which are secured by (i) individual guarantee of a related party of a subsidiary and (ii) certain land use rights. The loans are arranged at floating rate at 3% per annum.

The unsecured other loans as at 30 June 2025 represent loans of approximately HK$2,380,000 which are interest free and repayment on demand and loans of approximately HK$8,077,000 which are interest bearing at 5% per annum and were repaid in August 2025 and loans of HK$14,700,000 which are interest bearing at 6% per annum and were repaid in July 2025.

32. SHAREHOLDERS LOANS

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

32. SHAREHOLDERS LOANS *(Continued)*

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 are unsecured, interest bearing at 5% and 2.2% per annum respectively and was repayable by 31 December 2024. Pursuant to the terms of agreement regarding the Property Business Disposal (note 37), 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 is 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 are unsecured, interest bearing at 5% per annum and was 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 8) 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.

33. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2026	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**407**	198	**375**	196
In the second to fifth years, inclusive	**440**	–	**428**	–
	847	198		
Less: Future finance charges	**(44)**	(2)		
Present value of lease liabilities	**803**	196	**803**	196
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(375)**	(196)
Amount due for settlement after 12 months			**428**	–

At 30 June 2026, the effective borrowing rates were 5.0% (2025: 8.5%) per annum. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

34. DEFERRED TAX ASSETS/(LIABILITIES)

The following is the analysis of the deferred tax balances for the consolidated statement of financial position purposes:

	2026	2025
	HK$'000	*HK$'000*
Deferred tax assets	**65**	–
Deferred tax liabilities	**(5,741)**	(14,412)
	(5,676)	(14,412)

34. DEFERRED TAX ASSETS/(LIABILITIES) *(Continued)*

The following are the major deferred tax assets and liabilities recognised by the Group:

	Expected credit losses on financial assets	Revaluation of acquisition of subsidiaries	Revaluation of land and buildings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2024	–	(3,639)	(14,195)	(17,834)
Credit to equity for the year	–	–	44	44
Disposal of a subsidiary *(note 37)*	–	3,661	–	3,661
Exchange differences	–	(22)	(261)	(283)
At 30 June 2025 and 1 July 2025	–	–	(14,412)	(14,412)
Reversal of deferred tax liabilities upon release of revaluation surplus	–	–	15,748	15,748
Acquisition of subsidiaries *(note 38)*	62	(5,796)	–	(5,734)
Debit to equity for the year	–	–	(1,336)	(1,336)
Credit to consolidated profit or loss *(note 11)*	3	55	–	58
At 30 June 2026	**65**	**(5,741)**	**–**	**(5,676)**

At the end of the reporting period, the Group has unused tax losses available for offset against future profits and of which approximately HK$15,043,000 (2025: HK$25,537,000) of such losses may be carried forward indefinitely and approximately HK$37,939,000 (2025: HK$15,656,000) of such losses will expire from 2030 to 2031. No deferred tax asset has been recognised for these tax losses due to the unpredictability of future profit streams.

35. RETIREMENT BENEFIT OBLIGATIONS

Employee retirement benefits

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer makes contributions to the scheme at 5% – 10% and employees are required to make 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Mandatory contributions to the scheme vest immediately.

Subsidiaries incorporated in the PRC participate in various defined contribution retirement plans ("**Plans**") organised by local authorities for the Group's employees in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the basic payroll, to the Plans. The Group has no other obligation for the payment of pension benefits associated with these Plans beyond the annual contributions described above.

36. SHARE CAPITAL

		Number of shares	Amount
			HK$'000
Authorised:			
Ordinary shares of HK$0.00004 each at 1 July 2024, 30 June 2025 and 1 July 2025		25,000,000,000,000	1,000,000
Share consolidation	*(a)*	(23,750,000,000,000)	–
Ordinary shares of HK$0.0008 each at 30 June 2026		**1,250,000,000,000**	**1,000,000**
Issued and fully paid :			
Ordinary shares of HK$0.0008 each:			
At 1 July 2024, 30 June 2025 and 1 July 2025		12,824,484,010	513
Share consolidation	*(a)*	(12,183,259,810)	–
Ordinary shares of HK$0.00004 each:		641,224,200	513
Issue of shares for Debt Capitalisation	*(b)*	504,574,140	404
Issue of shares on Rights Issue	*(c)*	572,899,170	458
Issue of shares upon acquisition of subsidiaries	*(d)*	341,903,719	273
At 30 June 2026		**2,060,601,229**	**1,648**

36. SHARE CAPITAL *(Continued)*

Notes:

(a) Pursuant to a special general meeting resolution passed on 10 July 2025, every twenty ordinary shares of HK$0.00004 each in the issued and unissued share capital of the Company were consolidated into one consolidated ordinary share of HK$0.0008 each in the issued and unissued share capital of the Company effective on 14 July 2025.

(b) As mentioned in note 32, 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 on the basis of the closing market price of HK$0.181 per share at the date of completion, and the premium on the issue of shares, amounting to approximately HK$90,924,000, was credited to the Company's share premium account.

(c) On 15 May 2025, the Company announced to carry out the rights issue of 572,899,170 ordinary shares of HK$0.0008 each at a price of HK$0.20 per share on the basis of one rights share for every two ordinary shares held by the qualifying shareholders on the record date (the "**Rights Issue**"). Completion of the Rights Issue took place on 20 August 2025, and the premium on the issue of shares, amounting to approximately HK$111,507,000, net of share issue expenses of approximately HK$2,615,000, was credited to the Company's share premium account.

(d) As mentioned in note 38, completion of the Elise Beauty Acquisition took place on 15 June 2026. The fair value of the shares issued under the Elise Beauty Acquisition was approximately HK$57,781,000 which was determined on the basis of the closing market price of HK$0.169 per share at the date of completion, and the premium on the issue of shares, amounting to approximately HK$57,508,000, was credited to the Company's share premium account.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts in order to maintain sufficiency of working capital.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, non-controlling interests, accumulated losses and other reserves).

37. 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	(48,051)
	(55,670)

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	(7,160)
Loss before tax	(7,585)
Income tax expense	(34)
Loss for the period	(7,619)

37. DISCONTINUED OPERATIONS *(Continued)*

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

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

38. 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 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:

	HK$'000
Property, plant and equipment *(note 18)*	**454**
Intangible assets *(note 19)*	**43,525**
Entrusted loans and interests receivables	**4,004**
Trade and other receivables	**1,695**
Deferred tax assets *(note 34)*	**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 *(note 34)*	**(5,796)**
Net assets acquired of:	**62,444**
Total consideration satisfied by issue of 341,903,719 ordinary shares of the Company *(note 36(d))*	**(57,781)**
Gain on bargain purchase on acquisition of subsidiaries	**4,663**
Net cash inflow arising on disposal:	
Cash and cash equivalents acquired	**2,128**

38. ACQUISITION OF ELISE BEAUTY GROUP LIMITED *(Continued)*

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$77,297,000 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.

39. RESERVES

(a) The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Reserves of the Company

	Share premium	Contributed surplus	Warrant reserve	Other reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2024	899,144	635,891	24,226	33,251	(1,529,904)	62,608
Profit for the year	–	–	–	–	67,428	67,428
At 30 June 2025	899,144	635,891	24,226	33,251	(1,462,476)	130,036
At 1 July 2025	899,144	635,891	24,226	33,251	(1,462,476)	130,036
Share premium reduction	(899,144)	–	–	–	899,144	–
Contribution from shareholders *(note 32)*	–	–	–	528	–	528
Issue of shares for Debt Capitalisation *(note 36(b))*	90,924	–	–	–	–	90,924
Issue of shares on rights issue *(note 36(c))*	111,507	–	–	–	–	111,507
Issue of shares upon acquisition of subsidiaries *(note 36(d))*	57,508	–	–	–	–	57,508
Loss for the year	–	–	–	–	(26,001)	(26,001)
At 30 June 2026	**259,939**	**635,891**	**24,226**	**33,779**	**(589,333)**	**364,502**

(c) Nature and purpose of reserves

(i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

39. RESERVES *(Continued)*

(c) Nature and purpose of reserves *(Continued)*

(ii) Contributed surplus

The contributed surplus of the Company arose as a result of the Group reorganisation implemented in preparation for the listing of the Company's shares in 1997 and represented the excess of the then consolidated net assets of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange therefore.

The contributed surplus arose in the years represented the net effect of the capital reduction of the Group.

Under the Companies Act of Bermuda, the contributed surplus account of the Company is available for distribution. However the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

– it is, or would after the payment be, unable to pay its liabilities as they become due; or

– the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iii) Warrant reserve

The warrant reserve represents the proceeds received from the issue of 370,000,000 warrants at a placing price of HK$0.07 per warrant on 27 November 2003, net of warrant issue expenses. The trading of the warrants on the Stock Exchange had ceased after 2 December 2004 and the listing of the warrants on the Stock Exchange was withdrawn from 4 December 2004. The subscription rights attaching to the 365,880,000 outstanding warrants had expired on 7 December 2004.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3 to the consolidated financial statements.

(v) Property revaluation reserve

Property revaluation reserve has been set up and are dealt with in accordance with the accounting policies adopted for buildings in note 3 to the consolidated financial statements.

(vi) Investment revaluation reserve

Investment revaluation reserve comprise the cumulative net changes in the fair value of financial assets at FVTOCI held at the end of the reporting period.

(vii) Other reserve

The other reserve comprises all the effect of discounting of shareholders' loan which are not due or payable within one year and the contributions from shareholders.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2026 *HK$'000*	2025 *HK$'000*
Non-current assets		
Investments in subsidiaries	**57,784**	1
Current assets		
Amounts due from subsidiaries *(note)*	**544,514**	570,727
Other current assets	**1,017**	1,477
Bank and cash balances	**83,173**	684
	628,704	572,888
Current liabilities		
Amounts due to subsidiaries *(note)*	**(80,868)**	(104,750)
Borrowings	**(2,380)**	(17,080)
Shareholders loans	**–**	(48,100)
Other current liabilities	**(18,368)**	(22,410)
	(101,616)	(192,340)
Net current assets	**527,088**	380,548
Total assets less current liabilities	**584,872**	380,549
Non-current liabilities		
Shareholders loans	**(218,722)**	(250,000)
	(218,722)	(250,000)
NET ASSETS	**366,150**	130,549
Capital and reserves		
Share capital	**1,648**	513
Reserves	**364,502**	130,036
TOTAL EQUITY	**366,150**	130,549

Note: The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The financial position of the Company was approved and authorised for issue by the board of directors on 29 September 2026 and was signed on its behalf by:

Approved by:

Tam Lup Wai Franky	**Zhang Yuanzhou**
Director	*Director*

41. BANKING FACILITIES

At 30 June 2026, the Group had banking facilities amounted to approximately Nil (2025: approximately HK$32,837,000), which were secured by the followings:

(a) certain land and buildings, amounted approximately Nil (2025: approximately HK$55,932,000) of the Group were pledged to secure banking facilities granted to the Group (note 18); and

(b) guarantee for an unlimited amount duly executed by the Company.

At 30 June 2026, the Group had no available undrawn borrowing facilities (2025: Nil).

42. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Loan interest payables	Shareholders loans	Borrowings	Lease liabilities	Total liabilities from financing activities
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2024	313,025	285,600	1,058,801	1,312	1,658,738
Changes in cash flows	(1,416)	12,500	28,863	(1,185)	38,762
Non-cash changes					
– disposal of subsidiaries *(note 37)*	(257,503)	–	(1,036,581)	–	(1,294,084)
– Offset with consideration for disposal of subsidiaries *(note 37)*	(53,700)	–	–	–	(53,700)
– interest charged	22,042	–	–	69	22,111
– exchange difference	1,549	–	6,911	–	8,460
At 30 June 2025 and 1 July 2025	23,997	298,100	57,994	196	380,287
Changes in cash flows	(973)	–	(50,565)	(570)	(52,108)
Non-cash changes					
– Additions *(note 20)*	–	–	–	1,130	1,130
– interest charged	11,790	–	–	47	11,837
– Offset with consideration for Debt Capitalisation *(note 32)*	(22,065)	(79,378)	–	–	(101,443)
– exchange difference	–	–	1,098	–	1,098
At 30 June 2026	**12,749**	**218,722**	**8,527**	**803**	**240,801**

43. RELATED PARTY BALANCES AND TRANSACTIONS

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

	2026	2025
	HK$'000	*HK$'000*
Interest income from an associate *(note 8)*	–	(874)
Interest expenses on shareholders loans *(note 10)*	**10,816**	13,243

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

	2026	2025
	HK$'000	*HK$'000*
Amount due from an associate *(note 27)*	**21,881**	21,881
Borrowing from the chief financial officer of the Company *(note 31)*	**(2,800)**	–
Shareholders loans *(note 32)*	**(218,722)**	(298,100)

(c) Compensation of key management personnel of the Group

	2026	2025
	HK$'000	*HK$'000*
Basic salaries, fees and allowances	**6,235**	6,016
Retirement benefits scheme contributions	**77**	89
	6,312	6,105

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The table below lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the financial position of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and operation	Type of legal entity	Issued and paid-up registered capital	Percentage of the ownership interest/ voting power		Principal activities
				Direct	Indirect	
Dongguan Weihang Electrical Product Company Limited#	The PRC	Limited liability company	Registered capital US$9,000,000	–	100%	Manufacturing and trading of healthcare and household products
eForce Management Limited	Hong Kong	Limited liability company	Ordinary shares of HK$2	100%	–	Provision of management services
Fairform Group Limited	BVI	Limited liability company	15,700,200 shares of US$1 each	100%	–	Investment holding
Fairform Manufacturing Company Limited	Hong Kong	Limited liability company	Ordinary shares of HK$138,750,000 and non-voting deferred shares of HK$250,000	–	100%	Manufacturing and trading of healthcare and household products
Gainford Internationals Inc.	BVI	Limited liability company	50 shares of US$1 each	–	100%	Investment holding
Vision South Limited	BVI	Limited liability company	1 share of US$1 each	100%	–	Investment holding
Smart Guard Limited	BVI	Limited liability company	1 share of US$1 each	100%	–	Investment holding
Fastport Investment Holdings Limited	BVI	Limited liability company	100 shares of US$1 each	–	100%	Investment holding
PT Bara Utama Persada Raya	Republic of Indonesia	Limited liability company	4,999 shares of IDR100,000 each	–	99.98%	Own a coal mining concession

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name	Place of incorporation/ registration and operation	Type of legal entity	Issued and paid-up registered capital	Percentage of the ownership interest/ voting power		Principal activities
				Direct	Indirect	
PT Karya Dasar Bumi	Republic of Indonesia	Limited liability company	1,000 shares of IDR1,000,000 each	–	100%	Investment holding
Yixin Holdings Limited	Hong Kong	Limited liability company	Ordinary share of HK$1	100%	–	Money lending
Elise Beauty Group Limited	BVI	Limited liability company	78,495 shares of US$1 each	100%	–	Investment holding
Skyeve Company Limited	Hong Kong	Limited liability company	Ordinary shares of HK$1,000	–	100%	Investment holding
深圳市美眾雲科技有限責任公司	The PRC	Limited liability company	Registered capital RMB22,480,000	–	100%	Investment holding
佛山市美眾雲軟件科技有限公司	The PRC	Limited liability company	Registered capital RMB22,400,000	–	100%	Investment holding
Foshan YS Technology Co., Ltd.# 佛山市伊美眾軟件科技有限公司	The PRC	Limited liability company	Registered capital RMB10,000,000	–	100%	Research and development of software applications for the beauty industry
StarX DigiTech Company Limited	Hong Kong	Limited liability company	Ordinary shares of HK$1,000	100%	–	E-commerce business
深圳星衍無界科技有限公司	The PRC	Limited liability company	Registered capital of HK$2,000,000	–	100%	Investment holding
深圳星衍生物科技有限公司	The PRC	Limited liability company	Registered capital of RMB500,000	–	100%	E-commerce business
佛山美合生物科技有限公司	The PRC	Limited liability company	Registered capital of RMB1,000,000	–	100%	Licensed sales and distribution of medical devices
東莞星衍未來科技有限公司	The PRC	Limited liability company	Registered capital of RMB500,000	–	100%	Research and development of healthcare and household products

The English name is for identification purpose only

45. EVENT AFTER THE END OF REPORTING PERIOD

As mentioned in note 17, on 6 August 2026, the Group entered into the Mine Disposal Agreement with the purchaser to sell the entire issued share capital of the 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 Group to the Group, at an aggregate cash consideration of US$1,200,000 (equivalent to approximately HK$9.4 million). The Mine Disposal Group operated the Group's coal mining business and holds the mining licence in respect of the PT Bara Mine located in the Indonesia.

46. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29 September 2026.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below:

RESULTS

	For the year ended 30 June				For the eighteen months ended 30 June
	2026	2025	2024	2023	2022
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Re-presented)		
Revenue	**70,426**	117,295	101,835	872,910	208,995
– Continuing	**70,426**	117,295	101,835	N/A	N/A
– Discontinued	**–**	–	–	N/A	N/A
Gross profit	**16,716**	26,589	31,897	253,687	54,914
– Continuing	**16,716**	26,589	31,897	N/A	N/A
– Discontinued	**–**	–	–	N/A	N/A
(Loss)/profit for the year	**(86,496)**	(150,165)	(868,120)	32,514	(362,311)
– Continuing	**(86,496)**	(94,495)	(90,269)	N/A	N/A
– Discontinued	**–**	(55,670)	(777,851)	N/A	N/A

ASSETS AND LIABILITIES

	As at 30 June				
	2026	2025	2024	2023	2022
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**754,615**	744,968	2,293,705	3,025,006	4,122,074
Total liabilities	**(282,859)**	(485,874)	(2,178,656)	(2,062,470)	(3,106,517)
Net assets	**471,756**	259,094	115,049	962,536	1,015,557

Note:

The comparative figures for the eighteen months ended 30 June 2022 and the financial year ended 30 June 2023 reflect the performance of the property development and primary land development business of the Group in the PRC, which was disposed in July 2024. The comparative figures for the financial year ended 30 June 2024 have been re-presented to conform to the current year's presentation.