ZHONG HUA INTERNATIONAL HOLDINGS LIMITED
中華國際控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1064)

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

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

The board of directors (the "Directors") of Zhong Hua International Holdings Limited (the "Company") would like to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024 (the "Annual Results"), together with the comparative figures and the relevant explanatory notes, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	2	**28,520**	28,363
Other income and gains		**330**	377
Changes in fair value of investment properties		**(16,848)**	(52,304)
Changes in fair value of equity interest in an entity at fair value through profit or loss		**(55,779)**	16,252
Loss on derecognition of a then subsidiary		**–**	(1,708,355)
Administrative expenses		**(27,577)**	(22,978)
Finance costs	3	**–**	(843)
LOSS BEFORE TAX	4	**(71,354)**	(1,739,488)
Income tax expense	5	**(7,314)**	(109,870)
LOSS FOR THE YEAR		**(78,668)**	(1,849,358)

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Attributable to:			
Equity holders of the Company		**(46,133)**	(482,140)
Non-controlling interests		**(32,535)**	(1,367,218)
		(78,668)	(1,849,358)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
– Basic and diluted		**HK cents (6.00)**	HK cents (62.73)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(78,668)**	(1,849,358)
OTHER COMPREHENSIVE INCOME/ (EXPENSE)		
Other comprehensive income/(expense) that may be reclassified to the income statement in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(6,305)**	(129,535)
Reclassification adjustments for derecognition of a then subsidiary	**–**	20,469
Net other comprehensive expense that may be reclassified to the income statement in subsequent periods	**(6,305)**	(109,066)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	**(84,973)**	(1,958,424)
Attributable to:		
Equity holders of the Company	**(55,398)**	(498,156)
Non-controlling interests	**(29,575)**	(1,460,268)
	(84,973)	(1,958,424)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,103**	3,551
Equity interest in an entity at fair value through profit or loss	*8*	**974,693**	1,030,472
Investment property		**339,624**	369,600
Total non-current assets		**1,317,420**	1,403,623
CURRENT ASSETS			
Trade receivables	*9*	**20,859**	–
Prepayments, deposits and other receivables		**1,659**	2,222
Cash and cash equivalents		**63,573**	90,761
Total current assets		**86,091**	92,983
CURRENT LIABILITIES			
Trade payables	*10*	**(1,844)**	(1,914)
Other payables and accruals		**(28,426)**	(26,987)
Tax payable		**(35,532)**	(34,297)
Total current liabilities		**(65,802)**	(63,198)
NET CURRENT ASSETS		**20,289**	29,785
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,337,709**	1,433,408
NON-CURRENT LIABILITIES			
Due to a director		**(140,882)**	(148,183)
Long term other payables		**(52,767)**	(53,734)
Deferred tax liabilities		**(165,934)**	(168,392)
Total non-current liabilities		**(359,583)**	(370,309)
Net assets		**978,126**	1,063,099
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**19,215**	19,215
Reserves		**301,201**	356,599
		320,416	375,814
Non-controlling interests		**657,710**	687,285
Total equity		**978,126**	1,063,099

Notes:

1.1 BASIS OF PREPARATION

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue

An analysis of revenue is as follows:

	2024	2023
	HK$'000	*HK$'000*
Revenue from other sources		
Income from letting of investment properties	**28,520**	28,363

Operating segment information

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

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

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

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

	Property investment and development		Corporate and others		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	**HK$'000**	***HK$'000***
Segment revenue						
Sales to external customers	**28,520**	28,363	**–**	–	**28,520**	28,363
Segment results	**(51,108)**	(1,724,344)	**(20,576)**	(14,678)	**(71,684)**	(1,739,022)
Other income and gains					**330**	377
Finance costs					**–**	(843)
Loss before tax					**(71,354)**	(1,739,488)
Income tax expense					**(7,314)**	(109,870)
Loss for the year					**(78,668)**	(1,849,358)
Segment assets	**1,339,602**	1,405,505	**336**	340	**1,339,938**	1,405,845
Unallocated assets					**63,573**	90,761
Total assets					**1,403,511**	1,496,606
Segment liabilities	**71,513**	73,619	**11,524**	9,016	**83,037**	82,635
Unallocated liabilities					**342,348**	350,872
Total liabilities					**425,385**	433,507
Other segment information						
Depreciation of property, plant and equipment	**244**	250	**95**	48	**339**	298
Fair value loss of investment properties	**16,848**	52,304	**–**	–	**16,848**	52,304
Fair value loss/(gain) of equity interest in an entity at fair value through profit or loss	**55,779**	(16,252)	**–**	–	**55,779**	(16,252)
Loss on derecognition of a then subsidiary	**–**	1,708,355	**–**	–	**–**	1,708,355
Capital expenditure	**–**	**–**	**–**	477	**–**	477

Geographical information

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

Information about major customer

Revenue from one customer which accounted for revenue exceeding 10% of Group's total revenues. Revenue from Customer A accounted for HK$28,520,000 (2023: HK$28,363,000) during the year ended 31 December 2024.

3. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest on loan from a director	**–**	843

4. LOSS BEFORE TAX

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

	2024	2023
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**339**	298
Bank interest income	**(114)**	(239)
Changes in fair value of investment properties	**16,848**	52,304
Changes in fair value of equity interest in an entity at fair value through profit or loss	**55,779**	(16,252)
Loss on derecognition of a then subsidiary	**–**	1,708,355

5. INCOME TAX

	2024	2023
	HK$'000	*HK$'000*
Current – Mainland China		
Corporate income tax		
Charge for the year	**3,868**	5,114
Deferred	**3,446**	104,756
Total tax charge for the year	**7,314**	109,870

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. The subsidiaries established in Mainland China are subject to income taxes at a tax rate of 25% (2023: 25%).

6. FINAL DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK$46,133,000 (2023: HK$482,140,000), and the number of ordinary shares of 768,616,520 (2023: 768,616,520) in issue during the year.

The share options outstanding during the year had an anti-dilutive effect on the basic loss per share for the years ended 31 December 2023 and 2024.

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

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

	2024	2023
	HK$'000	*HK$'000*
Financial asset at fair value through profit or loss		
Unlisted equity interest in an entity at fair value through profit or loss, at fair value:		
Carrying amount at 1 January	**1,030,472**	–
Derecognition of a then subsidiary	**–**	1,014,220
Changes in fair value recognised in the income statement	**(55,779)**	16,252
Carrying amount at 31 December	**974,693**	1,030,472

9. TRADE RECEIVABLES

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

	2024		2023	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 6 months	**13,997**	**67**	–	–
More than 6 months but within 1 year	**6,862**	**33**	–	–
Total	**20,859**	**100**	–	–

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

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

10. TRADE PAYABLES

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

	2024		2023	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
More than 1 year	**1,844**	**100**	1,914	100

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

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Company's consolidated financial statements for the year ended 31 December 2024:

"Qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for qualified opinion

As disclosed in note 13 to the consolidated financial statements, the Group had undergone a very lengthy liquidation petition where the joint venture partner ("JV Partner") of a then subsidiary, namely 廣州市正大房地產開發有限公司 (Guangzhou Zheng Da Real Estate Development Company Limited) ("GZ Zheng Da", held by Zheng Da Real Estate Development Company Limited ("HK Zheng Da", a non-wholly owned subsidiary of the Group)), had filed to the court seeking for a liquidation of GZ Zheng Da in order to recover its entitled residual assets therein. During the year ended 31 December 2023, a final court decision was made which ordered GZ Zheng Da to be liquidated and a PRC law firm was appointed as the liquidator. However, pursuant to the court order, the allocation and distribution of residual assets of GZ Zheng Da between the Group and the JV Partner was not determined, and is to be resolved via legal actions during the liquidation proceedings.

Due to the compulsory liquidation judgement of GZ Zheng Da in May 2023, the Group had lost control therein, and had deconsolidated GZ Zheng Da in the same year. As at 31 December 2024, the Group recorded its equity interest in GZ Zheng Da as a non-current financial asset at fair value through profit or loss which amounted to HK$974,693,000. As further explained in note 13 to the consolidated financial statements, other than the appointment of the liquidator, the legal actions surrounding the liquidation proceedings have not been substantively commenced. Accordingly, the determination of the allocation of the residual assets of GZ Zheng Da has not been concluded. Whilst the Group contends that HK Zheng Da has full entitlement to the residual assets pursuant to the joint venture agreements, there are potential legal risks that the JV Partner may claim part of the residual assets based on its basis of assets contribution (if any) in the past.

Due to the significant uncertainty of the outcome of the distribution of the residual assets upon liquidation, we were unable to obtain sufficient appropriate audit evidence to assess whether any additional residual assets should be allocated to the JV Partner as at 31 December 2023 and 2024 (collectively, "dates of measurement") and, consequently, whether adjustments are necessary to the valuation of equity interest in GZ Zheng Da on the respective dates of measurement, which may impact the carrying amounts of the equity interest in an entity at fair value through profit or loss at 31 December 2024, and the fair value changes of this asset for the year ended 31 December 2024. Any adjustments as mentioned above found to be necessary would have a consequential effect on the Group's net assets as at 31 December 2024, its result for the year ended 31 December 2024 and the related elements making up the statement of changes in equity.

A qualified opinion was also issued in our report dated 28 June 2024 on the consolidated financial statements of the Group for the year ended 31 December 2023 for the above matter."

MANAGEMENT'S RESPONSE TO THE QUALIFIED AUDIT OPINION

In late June 2023, the Group acknowledged that the Rescission Order (撤銷駁回裁定) (as defined and detailed below) was issued by the Guangdong Province Higher People's Court (廣東省高級人民法院) (the "Guangdong Court") on 15 May 2023 to the effect of proceeding and granting the New Liquidation Order (as defined and detailed below) against GZ Zheng Da by the Guangdong Province Guangzhou Municipal Intermediate People's Court (廣東省廣州市中級人民法院) (the "Guangzhou Court") on 7 August 2023. Accordingly, the Directors considered that the Group lost the control over GZ Zheng Da under HKFRS 10 *Consolidated Financial Statements* with effect from 15 May 2023 and GZ Zheng Da was derecognised as a then subsidiary during the year ended 31 December 2023 and the equity interest in GZ Zheng Da was then classified as financial asset at fair value through profit or loss and was included as "Equity interest in an entity at fair value through profit or loss" on the consolidated statement of financial position.

Taking into account the facts and competent legal advice, together with legal grounds substantiated, the Management contends that Zheng Da Real Estate Development Company Limited ("HK Zheng Da"), a non-wholly owned subsidiary which holds 100% equity interest in GZ Zheng Da, shall have 100% entitlement to the residual assets of GZ Zheng Da pursuant to the terms of the joint venture agreement of GZ Zheng Da (as amended by supplemental agreements) under liquidation (*if it takes place and without prejudice*) and relevant PRC laws. However, there remains potential legal risk that 廣州市越秀房地產開發經營有限公司("Yuefang PE") may claim for part of the residual assets of GZ Zheng Da based on its own basis of asset contribution made (if any) in the past. In any event, the Management remains optimistic in obtaining a favourable judgement if and when such potential disputes in specific asset allocation in accordance with the respective joint venture partners' interests are brought to legal proceedings. Such legal proceedings are not yet initiated to-date and the basis of claim, outcome and impact to the Group, if any, remain uncertainty to-date.

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

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

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

FINANCIAL REVIEW

The Group recorded a revenue of HK$28,520,000 (2023: HK$28,363,000) for the year ended 31 December 2024. Net loss attributable to equity holders of the Company for the year was HK$46,133,000 (2023: HK$482,140,000). There were no material changes in the Group's turnover during the year.

Adjusted EBITDA

The Adjusted EBITDA of the Group for the year ended 31 December 2024 was profit of HK$1,612,000 (2023: HK$6,060,000). Adjusted EBITDA refers to the earnings before interest, tax and depreciation and does not take into account the effect of changes in fair value of investment properties, loss on derecognition of a then subsidiary and changes in fair value of equity interest in an entity at fair value through profit or loss. EBITDA is a commonly used alternate measure of profitability to net income. By including depreciation and amortisation as well as taxes and debt payment costs, EBITDA attempts to represent the cash profit generated by the Group's operations. On this ground, the Group also excluded additional non-cash items (namely (i) changes in fair value of investment properties; (ii) loss on derecognition of a then subsidiary; and (iii) changes in fair value of equity interest in an entity at fair value through profit or loss) that significantly affected the Company's net income that are non-cash in nature to achieve this goal in reviewing the Company's performance.

Net Loss

The Group's loss before tax and loss after tax for the year ended 31 December 2024 were HK$71,354,000 (2023: HK$1,739,488,000) and HK$78,668,000 (2023: HK$1,849,358,000), respectively. The Group's net loss decreased during the year was attributable to net effect of (i) there was no loss on derecognition of a then subsidiary in current year compared with a loss of HK$1,708,355,000 in last year; (ii) decrease in fair value loss of the Group's investment properties from HK$52,304,000 in last year to HK$16,848,000 in current year; (iii) fair value changes in equity interest in an entity of changes from gain of HK$16,252,000 in last year to loss of HK$55,779,000 in current year; (iv) increase in administrative expenses from HK$22,978,000 in last year to HK$27,577,000 in current year mainly due to the increase in professional fees incurred of HK$4,381,000; and (v) decrease in income tax expenses from HK$109,870,000 in last year to HK$7,314,000 in current year mainly due to the decrease in withholding taxes on PRC subsidiaries and equity interest in an entity at fair value through profit or loss of HK$108,132,000.

Liquidity and Financial Resources

During the year ended 31 December 2024, the Group's operations were financed mainly by cash flows generated from business operations. The Group's net cash flows used in operating activities during the year were HK$15,967,000 (2023: net cash flows from operating activities of HK$24,263,000). The net cash flows from operating activities changes from net inflows of HK$24,263,000 to net outflows of HK$15,967,000 was mainly due to the timing differences in collection of trade receivables of HK$20,859,000 as at 31 December 2024, which had been substantially collected subsequent to 31 December 2024.

As at 31 December 2024, the Group had cash and bank balances of HK$63,573,000 (2023: HK$90,761,000) which were denominated in Reminbi and Hong Kong dollars.

The Group's gearing ratio was 0.10 as at 31 December 2024 (2023: 0.10), calculated based on an amount due to a director of HK$140,882,000 (2023: HK$148,183,000) over total assets of HK$1,403,511,000 (2023: HK$1,496,606,000). The Group maintained a relatively low gearing ratio in the past years. The Group's financial resources are able to meet its capital expenditure and working capital requirements for coming twelve months from the date of this announcement.

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

Assets

As at 31 December 2024, the Group's net current assets, net assets and total assets amounted to HK$20,289,000 (2023: HK$29,785,000), HK$978,126,000 (2023: HK$1,063,099,000) and HK$1,403,511,000 (2023: HK$1,496,606,000), respectively.

Exchange Rate Risk

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

Charges on Assets

As at 31 December 2024, none of the Group's assets were pledged (2023: Nil).

Contingent Liability

As at 31 December 2024, there was no material contingent liability of the Group (2023: Nil).

FUND RAISING ACTIVITIES

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

The net proceeds raised from the New Issue applied up to 31 December 2024 are as follows:

Intended use of the net proceeds as stated in the New Issue Announcement			**Proceeds utilised as at 31 December 2024**	**Proceeds unutilised as at 31 December 2024**	
Category	**Net amount** *(HK$ in million)*	**Percentage**	**Net amount** *(HK$ in million)*	**Remaining amount** *(HK$ in million)*	**Expected schedule of use**
Redevelopment costs of redevelopment project in Guangzhou, Mainland China	12.0	74.5%	–	12.0	On or before 31 December 2025
General working capital	4.1	25.5%	4.1	–	
Total	**16.1**	**100.0%**	**4.1**	**12.0**	

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

The Group held the unutilised net proceeds in short-term deposits with banks as at 31 December 2024. Save as disclosed above, there was no unutilised proceed brought forward from any issue of equity securities made in previous years.

BUSINESS REVIEW

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

Property Investment

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

For the year ended 31 December 2024, the Gang Yu Square provided a steady cash flow and substantiated the working capital requirements of the Group. As a result, the Group recorded an adjusted EBITDA of HK$1.6 million for 2024. Given the prime location of the investment property in the central business district (CBD) of Chongqing, the Directors will strive to enhancing the property's competitive advantages and is confident that it will continue to provide a relatively steady revenue to the Group in the foreseeable future.

Property Development

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

As to-date, except for one block of building remained not yet surrendered (尚未完成拆遷) and a few shops next to the premise continued to operate business as usual, the Metropolis Shoes City was demolished and the site to be developed was leased to a third party for licensed carpark operation.

Pending to the surrender of the last block of a 7-storey building being occupied by an individual owner (小業主), the re-development project is intended to be developed into a 22-storey versatile grade A commercial building complex with twin towers and 3-level of basement for wholesale and exhibition hall facilities, office and service apartment uses with ancillary facilities such as carpark and loading/unloading bays with total gross floor area of about 234,000 square metres.

According to the latest construction schedule (assuming the compulsory liquidation against GZ Zheng Da is rescinded and construction commences in the first quarter of 2026), it is expected that the development project will take about four years and be completed by two phases, the first of which will be completed in late 2028 and the second stage will be completed in first quarter of 2030. Subject to the grant of inspection and safety permits by the relevant regulatory authorities, it is expected that the new commercial complex will commence business and generate rental revenue to the Group at its earliest in early 2029.

Properties Held for Sale

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

Current Status of GZ Zheng Da

The registration status (登記狀態) of GZ Zheng Da per the official record registered at the Guangzhou Municipal Administration for Market Regulation (廣州市市場監督管理局) (the "Administration for Market Regulation") remained as "Enterprise in Operation (in Business) (在營(開業)) as to-date and Ho Kam Hung, an executive Director, had been retaining as the authorised representative since its establishment in 1993.

Notwithstanding the New Liquidation Order (as defined and detailed below) is in force, GZ Zheng Da's operation is as usual and the demolition permit (房屋拆遷許可證) was renewed in December 2024 (renewable annually) to the effect that GZ Zheng Da was permitted to continue the demolition and relocation till December 2025. The re-development site was leased to a third party for licensed carpark operation. Further details of the re-development plan of GZ Zheng Da are disclosed in the section headed "Property Development" above.

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

(i) there was no change in the Group's effective interest (i.e., 25%) in HK Zheng Da (which in turn holds 100% interest in GZ Zheng Da) (a) before and after the derecognition of GZ Zheng Da from the Company's consolidated financial statements with effect on 15 May 2023; (b) as at 31 December 2024; and (c) as to-date;

(ii) HK Zheng Da, which held 100% equity interest in GZ Zheng Da, retained day-to-day operating and financing activities of GZ Zheng Da as to-date and HK Zheng Da would maintain such activities in GZ Zheng Da in the foreseeable future;

(iii) there was no change in the legal titles of the underlying assets of GZ Zheng Da (primarily two parcels of land pending for re-development and a portfolio of about 190 residential units) as to-date and any dispute (if any) to this by third parties will be subject to final and absolute outcome of legal proceedings (not at the sole discretion of the liquidator) which are expected to last for a couple of years at least; and

(iv) GZ Zheng Da's business remained usual as to-date and its operation will resume to normal in the foreseeable future.

LIQUIDATION PETITION AGAINST GZ ZHENG DA

Background of the "Liquidation Petition"

Background of the "Liquidation Petition" against GZ Zheng Da (a former subsidiary of the Group), which had been initiated since 2009, and the issue of its lawful authority were disclosed in the Company's annual report for the year ended 31 December 2023 (the "Annual Report 2023").

In brief, Yuefang PE, which was neither the registered equity holder nor creditor of GZ Zheng Da, filed a questionable liquidation plead against GZ Zheng Da at the Guangzhou Court in January 2009 based on the ground that GZ Zheng Da had triggered the event of default of "company dissolution" (出現公司解散事由) but this event of default *(without prejudice)* had never been put forward to court for adjuration separately as required by law.

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

The Liquidation Dismissal Order

In May 2021, the Guangzhou Court issued a written judgement dismissing Yuefang PE's Liquidation Petition (the "Liquidation Dismissal Order") on the ground that "the two joint parties had major disputes whether or not GZ Zheng Da had been dissolved, regarding major assets of, and interests in the subject company, and such disputes had never been ascertained by trial or arbitration (雙方對於廣州正大是否發生解散事由、公司主要財產以及公司權益尚有較大爭議，且爭議至今未經訴訟或者仲裁予以確認)".

GZ Zhang Da considered that the Liquidation Dismissal Order was the Guangzhou Court's rectification (自糾) which overturning its decision of appointing a liquidator in 2011. The said order also indicated that the court had not made a Ruling on Acceptance of Compulsory Liquidation (強制清算受理裁定) prior to the appointment of the liquidator. However, the Liquidation Dismissal Order still failed to account for the reasons why it took more than a decade to "dismiss a compulsory liquidation petition".

Yuefang PE submitted an appeal against the first instance ruling of the Guangzhou Court to the Guangdong Court as permissible by law. A hearing was held in January 2022.

The Recission Order

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

In the Rescission Order, the Guangdong Court affirmed with the facts testified by the Guangzhou Court (對廣州市中院查明的事實予以確認) but was of the view that "the equity partners of GZ Zheng Da should disband in accordance with the liquidation procedures given their conflicts were significant and the co-operative objective had been lapsed for a prolonged period as well as the operational management had been in deadlock. The joint venture partners should proceed legal actions via the liquidation procedures to solving mutual disputes in specific assets allocation in accordance with their respective joint venture interests (廣州正大的股東之間矛盾分歧重大，合作目的早已落空，公司經營管理陷入僵局，應當通過清算程序有序退出。合作雙方對於合作權益具體分配等事項的相關爭議，應在公司清算程序中遁法律途徑解決)".

GZ Zheng Da considered that the Guangdong Court did not consider the following facts and legal arguments in the Recession Order:

(i) there was dispute whether the operating period of GZ Zheng Da had been expired but this dispute had never been put forward to the court as a separate plead for trial in the past years since early 2009;

(ii) as a matter of fact, approval for extension of operating period was no longer required by law since 2004;

(iii) the court's finding on the GZ Zheng Da's operating period issue is regarded as a court's affirmation (法院認定) but not a court's ruling (法院裁定). A former court's ruling can only be overturned by a later court's ruling but not by a court's affirmation;

(iv) Yiufang PE (assuming it took up the rights of Yiufang SoE in GZ Zheng Da) is only a (promotor) shareholder ((發起人)股東) with 0% equity interest in GZ Zheng Da. A (promotor) shareholder is not entitled to exercise shareholder's rights by law as it does not invest capital into the company as an equity shareholder;

(v) Yiufang PE is not a "registered shareholder" (登記股東) of GZ Zheng Da and is prohibited from making plead against the subject company by law; and

(vi) there is no verification note in the Recission Order that Yiufang PE demonstrated of its possession of an equity interest in GZ Zheng Da with absolute evidence at the date of making the liquidation plead. Only shareholder with proven equity interest is entitled to plead compulsory liquidation against the subject company at court by law;

The New Liquidation Order

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

It appeared that the Guangzhou Court initiated a new case but did not issue the "Ruling on Acceptance of Compulsory Liquidation (強制清算受理裁定)" before granting the New Liquidation Order. HK Zheng Da hence considered that the "Rescission Order" did not include the legal proceedings of the "Ruling on Acceptance of Compulsory Liquidation (強制清算受理裁定)" because the lower court still had the right to dismiss the compulsory liquidation petition based on new discoveries or other grounds during the proceedings.

Up to to-date, the Guangzhou Court has not yet returned the originals or copies of the "Application for the Liquidation Petition" (強制清算申請書) pleaded by Yuefang PE (including compulsory liquidation supporting documents, if any), the Ruling on Acceptance of Compulsory Liquidation for Case No. 16 (第16號案強制清算受理裁定書) (or the equivalent legally binding documents) and the Ruling on Acceptance of Compulsory Liquidation for Case No. 50 (第50號案強制清算受理裁定書) (or the equivalent legally binding documents) to GZ Zheng Da and HK Zheng Da. The reason is unknown.

In September 2023, the New Liquidator issued the "Receiver Notice" (接管公告) requesting the management of GZ Zheng Da to cooperate with the liquidator for handover of books of accounts, assets and official seals. GZ Zheng Da refused to co-operate with the work of the New Liquidator.

In September 2024, the New Liquidator issued the "Invalidation of Official Seal Announcement (印章作廢公告)" declaring that the official seal of GZ Zheng Da had been invalidated and expired from the date of acceptance of the compulsory liquidation by the court. The board of directors of GZ Zheng Da and HK Zheng Da (which held 100% of the equity interest of GZ Zheng Da) unanimously resolved that the Jinzhen Law Firm had no right to declare the official seal invalid and reserved their rights to pursue legal actions against Jinzhen Law Firm. So far, GZ Zheng Da still regularly exchanges correspondences with various government departments and courts.

As to-date, the Enterprise Credit Information Publicity Report (企業信用信息公示報告) for GZ Zheng Da shows:

(1) the registration status (登記狀態): in Operation (in Business) (在營(開業));

(2) the liquidation information (清算信息): the liquidator, Guoding Law Firm (but not Jinzhen Law Firm); and

(3) the registered (promoter) shareholders (登記 (發起人) 股東): HK Zheng Da (100% equity interests) and Yuefang SoE (0% equity interests) (not Yuefang PE).

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

Further information on the "Liquidation Dismissal Order", the "Recession Order", the "New Liquidator Order" and the Management's Representation were disclosed in the Annual Report 2023.

Actions Taken in Response to the Rescission Order

The Group had taken the following actions in response to the Rescission Order:

(i) GZ Zheng Da has repeatedly filed complaints and petitions (信訪) to the Guangdong Court and the Guangzhou Court about the prejudiced legal procedures against GZ Zheng Da in the past years. The latest petition was made in February 2025.

(ii) In April 2024, HK Zheng Da, which held 100% equity interest in GZ Zheng Da, filed a writ at the Guangzhou Court to the effect, inter alia, that:

(a) to ascertain if 廣州市越秀國有資產經營有限公司("Yuexiu SoE") (the vendor of Yuefang SoE) retains Yuefang SoE's interest in GZ Zheng Da as a state-owned asset by law and if the *jural nexus* (法律關係) between Yuexiu SoE (the first defendant) and HK Zheng Da (the plaintiff) in the co-operative joint venture of GZ Zheng Da does substantiate; and

(b) to ascertain if the *jural nexus* between HK Zheng Da and Yuefang PE (the second defendant) in the co-operative joint venture of GZ Zheng Da does not substantiate.

In September 2024, the Guangzhou Court dismissed the pleads made by HK Zheng Da. HK Zheng Da has made an appeal with the Guangdong Court thereafter as permissable by law. The case was not yet heard.

(iii) Both GZ Zheng Da and HK Zheng Da confirmed with the Company that they would use their best endeavours to preserve their respective legal rights when the New Liquidator approached them, if any.

(iv) Both GZ Zheng Da and HK Zheng Da had been taking other administrative and practical actions to solve the said deadlock.

MATERIAL ACQUISITION UPDATE

The Group was engaged in a material acquisition, details of which were disclosed in the Annual Report 2023. Latest development of the Acquisition (as defined in the Annual Report 2023) since 24 June 2024, the date of the Company's announcement pertaining to the previous extension agreement is summarised below.

Notwithstanding GZ Zheng Da, the underlying operating company of HK Zheng Da, had been frustrated by a questionable liquidation plead for years, the Company reiterated that the liquidation plead was not substantiated by both facts and law and hence was confident that the action would be inoperative or squashed by law in the foreseeable future (*say, about one year*). On this basis, the Group entered into a new extension agreement ("2024 Extension Agreement") on 24 June 2024 to further extend the Long Stop Date (as defined in the Annual Report 2023) to 30 June 2026 with an aim of arriving revised terms for the Acquisition. If a revised timetable is concluded, it is anticipated that the Acquisition will be financed by debt financing, equity financing, bank borrowing, private-equity funding or a combination of the four kinds. If in case the Acquisition lapses on 30 June 2026, no party shall be liable to each other. Further details of the 2024 Extension Agreement were disclosed in the Company's announcement dated 24 June 2024.

MATERIAL LITIGATION

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

OUTLOOK

Following the Trump Administration resumed power in the White House in January 2025, the new US President has imposed dozens of new policies on both political and economic arenas around the world to reframing the global order. In the first quarter of 2025, both the stock and commodities markets worldwide were volatile amid the Tariff War initiated by President Trump was kicked off between Canada, Mexico and the United States. It is premature to predict the development and impact of the Tariff War to the international trade globally as Trump's tariff terms are forever changing. The most encouraging outcome of Trump's initiatives, amongst others, will probably be the anticipated ceasefire between Russia and Ukraine if it crystalises this mid year.

In Mainland China, the Central Government has laid down new policies on stabilising both the property and stock markets as well as stimulating the domestic consumer market in her Working Report (工作報告) at the Two Sessions (兩會) in early March, Notwithstanding it is premature to evaluate the contributions of these new policies at this stage, the domestic market generally welcomes to the state's latest boosters and anticipates more intensive acts to follow. It is also generally perceived that the private sectors, particularly the AI and e-car sectors, will be much benefited as the People's Bank of China continues to ease the liquidity by lowering bank reserve ratio and interest rates. This year, the Central Government will continue to boost the foreign direct investment (FDI) in Mainland China. The Directors remain optimistic that the domestic economy in Mainland China will be on good track in the latter half year.

In Hong Kong, the record high financial deficit accumulated for the third consecutive years may shaken the financial stability of Hong Kong in the coming years unless the Administration can re-map new fiscal policies and city development plans to accommodate the new economic and geopolitical environment of Hong Kong. As the window city of the Greater Bay Area, the Administration continues to promote Hong Kong as the regional centre of family office in Asia and international interchange centre of AI integrated businesses as well as the super-connector (超級聯繫人) between China and rest of the world. Hong Kong will be able to remap its advantages at the junction of transformation to a new chapter of economy. The Directors fully support the Hong Kong Administration to govern in accordance with the Basic Law (全力支持香港特區政府依法施政).

CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's results for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's independent auditor, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Messrs. Ernst & Young on this preliminary announcement.

AUDIT COMMITTEE

The Annual Results has been reviewed by the Audit Committee.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This annual results announcement is published on the Company's website (https://www.irasia.com/listco/hk/zhonghua) and the Stock Exchange's website (http://www.hkexnews.hk). The annual report of the Group for the year ended 31 December 2024 containing all information as required by the Listing Rules will be despatched to the shareholders of the Company as well as released on the aforesaid websites as soon as practicable.

By Order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 24 March 2025

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