

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**Keyne 金奧國際**  
HK00009

**KEYNE LTD**

**金奧國際股份有限公司\***

*(formerly known as Nine Express Limited)*

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 00009)**

## **UPDATE ON THE ANNUAL RESULTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the announcement of KEYNE LTD (the “**Company**”) dated 31 March 2020 in relation to the unaudited annual results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2019 (the “**2019 Results Announcement**”) and the announcement of board meeting dated 17 April 2020. Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the 2019 Results Announcement. The Company would like to supplement and clarify the following in relation to the 2019 Results Announcement:

### **1. AGREEMENT OF 2019 ANNUAL RESULTS BY THE AUDITOR**

As stated in the 2019 Results Announcement, the Company had not yet fully completed its audit of the results of the Group for the year ended 31 December 2019 (the “**2019 Annual Results**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that the audit of the 2019 Annual Results has been completed on 29 April 2020, and the 2019 Annual Results (including the financial figures presented in the Group’s consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position and related notes) set out in 2019 Results Announcement, together with the adjustments described in note 3 to this announcement, have been agreed by the Group’s auditor, Grant Thornton Hong Kong Limited, in accordance with Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The work performed by Grant Thornton Hong Kong Limited 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 Grant Thornton Hong Kong Limited on the preliminary announcement.

\* *For identification purpose only*

## **2. EXTRACTS OF INDEPENDENT AUDITOR'S REPORT**

The below sections set out an extract of the report by Grant Thornton Hong Kong Limited, the Group's auditor, regarding the consolidated financial statements of the Group for the year ended 31 December 2019:

### **Disclaimer of Opinion**

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of multiple uncertainties relating to going concern described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Basis for Disclaimer of Opinion**

#### ***Multiple uncertainties relating to going concern***

As described in note 2.1 to the consolidated financial statements, the Group had accumulated losses of HK\$1,948,332,000 as at 31 December 2019, and net cash outflows from operating activities of HK\$549,731,000 for the year ended 31 December 2019. As at the same date, the Group's total borrowings amounted to HK\$1,413,737,000, of which current borrowings amounted to HK\$789,363,000, while its cash and cash equivalents amounted to HK\$2,683,000, and restricted bank deposits amounted to HK\$11,026,000. In addition, as at 31 December 2019, loan principal repayments and interest payments of HK\$246,796,000 relating to certain borrowings of the Group of principal amount of HK\$614,357,000 were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. Subsequent to 31 December 2019, principal amount of HK\$294,349,000 was already in default or cross-default as at 31 December 2019, were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. These conditions, together with other matters described in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The Directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which are set out in note 2.1 to the consolidated financial statements, including the repayment of loan principal and interest of HK\$164,268,000 and HK\$5,462,000 respectively; extension of loan principal of HK\$155,740,000; and obtained additional borrowings of principal amount of HK\$368,756,000 before the date of this report. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the successful obtaining of additional financing from a company controlled by the controlling shareholder of the Company; (ii) the successful negotiations with the lenders for the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests; (iii) the successful obtaining of additional new sources of financing as and when needed; (iv) the successful accelerating of the pre-sales and sales of properties under development and completed properties; (v) the controlling costs and containing capital expenditure so as to generate adequate net cash inflows; and (vi) the successful maintenance of relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in default, including those with cross-default terms. Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

### 3. MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED 2019 ANNUAL RESULTS

	<b>2019</b> <i>HK\$'000</i> <b>(Audited)</b>	2019 <i>HK\$'000</i> (Unaudited)	Difference <i>HK\$'000</i> (note)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<b>406,507</b>	339,460	67,047
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables, accruals and deposits received	<b>311,813</b>	244,766	67,047

*Note:* The difference represents a reclassification of government grants from construction in progress to other payables.

**4. ADDITIONAL INFORMATION TO NOTE 17 “CONTINGENT LIABILITIES” ON PAGE 29 OF THE 2019 RESULTS ANNOUNCEMENT**

**Pending litigation**

During the year ended 31 December 2019, the Group filed legal proceedings against a construction contractor, demanding to rescind the construction contracts, in respect of the construction contractor’s failure to perform certain contractual duties over a property development project in Xiangtan which constitute a breach of construction contracts. The construction contractor filed a counterclaim against the Group for payment of outstanding construction costs and the penalty to compensate its financial loss during the suspension period of construction (the “**Penalty Claim**”). The Group has made a provision amounting to RMB43,546,000 (equivalent to HK\$48,661,000) based on the Directors’ best estimation of the value of the construction work completed by the construction contractor. However, in respect of the Penalty Claim, the Directors considered that the construction contractor has breached the construction contracts, and based on the legal opinion, the outcome of the Penalty Claim is highly uncertain and no provision was made for the year ended 31 December 2019. Up to the date of this announcement, the litigation is still in progress.

**5. UPDATE ON THE EVENTS AFTER THE REPORTING PERIOD AND FINANCING ACTIVITIES ON PAGE 35 OF THE 2019 RESULTS ANNOUNCEMENT**

On 6 April 2020, a further supplementary agreement was entered into between Donghai International Financial Holdings Company Limited and the Company, to further extend the due date of the series 1 and series 2 notes, in the aggregate principal amount of US\$20,000,000 (equivalent to approximately HK\$155,740,000), from February and March 2020 to May and June 2020, respectively. To secure the further extension of the maturity dates of the borrowings, addition securities are required including i) a share charge over the equity interest in Ever-Grand Development Limited; and ii) certain properties for sale or under development executed by related parties.

After the outbreak of Coronavirus Disease 2019 (the “**COVID-19 Outbreak**”) in early 2020, a series precautionary and control measures have been and continued to be implemented across the country and region. As required by the local government, certain provinces in the PRC in which the Group’s property development projects and centralised heat supply operations are located, had extended holidays but resumed operation up to the date of these consolidated financial statements. The Group will pay close attention to the development of the COVID-19 Outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date of these consolidated financial statements, the Group was not aware of any material adverse effects on the consolidated financial statements as a result of the COVID-19 Outbreak.

Save as disclosed in this announcement and the corresponding adjustments in note 3, all other information contained in the 2019 Result Announcement remain unchanged.

## **REVIEW OF AUDITED ANNUAL RESULTS**

The audited annual results for the year ended 31 December 2019 were reviewed by the Audit Committee and were approved by the Board both on 29 April 2020.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The annual results announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and that of the Company (<http://www.nine-express.com.hk>). The annual report will be dispatched to the shareholders and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board

**KEYNE LTD**

**Zhang Li**

*Executive Director and Chief Executive Officer*

Hong Kong, 29 April 2020

*As at the date of this announcement, the Board comprises six Directors. The executive Directors are Ms. Qian Ling Ling (Chairman), Mr. Zhang Li (Chief Executive Officer) and Mr. Xiang Junjie; and the independent non-executive Directors are Mr. Tsui Pui Hung, Mr. Tang Ping Sum and Mr. Chiu Sin Nang, Kenny.*