Keyne 金奧国际
HK00009

KEYNE LTD
金奧國際股份有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: 00009)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of KEYNE LTD (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2022, with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	5	**17,186**	18,327
Cost of sales		**(2,396)**	(2,547)
Gross profit		**14,790**	15,780
Other income and gains	5	**2,564**	1,581
Fair value loss on investment properties		**(10,696)**	(14,103)
Impairment loss on investments in associates		**(55,859)**	(5,871)
Impairment loss on construction in progress		**(90,873)**	(156,244)
Written down of properties under development		**(50,238)**	–
Administrative expenses		**(60,716)**	(73,933)
Selling and marketing expenses		**(9,736)**	(15,905)
Operating loss		**(260,764)**	(248,695)

* *For identification purpose only*

	Notes	**2022**	2021
		HK$'000	*HK$'000*
Finance income	*6*	**159**	412
Finance costs	*6*	**(246,857)**	(302,522)
Finance costs – net	*6*	**(246,698)**	(302,110)
Share of results of associates		**(140)**	2,049
Loss before taxation	*7*	**(507,602)**	(548,756)
Income tax credit	*8*	**1,650**	11,394
Loss for the year attributable to owners of the Company		**(505,952)**	(537,362)
Loss per share attributable to owners of the Company			
Basic	*10*	**HK(14.18) cents**	HK(15.06) cents
Diluted	*10*	**HK(14.18) cents**	HK(15.06) cents

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(505,952)**	(537,362)
Other comprehensive (expense) income:		
Items that may be reclassified to profit or loss		
Exchange differences arising on translation of foreign operations	**(8,901)**	37,250
Share of other comprehensive (expense) income of associates accounted for using the equity method	**(808)**	190
Other comprehensive (expense) income for the year, net of tax	**(9,709)**	37,440
Total comprehensive expense for the year attributable to owners of the Company	**(515,661)**	(499,922)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**217,133**	329,865
Right-of-use assets		**31,613**	38,105
Investment properties		**172,719**	198,727
Investments in associates		**197,368**	254,175
Deposits, prepayments and other receivables	*12*	**1,183**	1,501
Total non-current assets		**620,016**	822,373
Current assets			
Properties for sale or under development and other contract costs		**2,208,704**	2,447,299
Rental receivables	*11*	**8,122**	7,355
Deposits, prepayments and other receivables	*12*	**366,673**	413,289
Tax recoverable		**15,792**	6,661
Pledged deposits in a financial institution		**105,381**	–
Restricted bank deposits		**12,438**	33,648
Cash and cash equivalents		**1,119**	12,437
Total current assets		**2,718,229**	2,920,689
LIABILITIES			
Current liabilities			
Trade payables	*13*	**303,266**	338,366
Other payables, accruals and deposits received		**866,999**	712,669
Lease liabilities		**2,554**	1,096
Contract liabilities		**1,056,891**	1,132,026
Amount due to an associate		**8,615**	8,603
Borrowings	*14*	**1,808,203**	1,744,180
Total current liabilities		**4,046,528**	3,936,940
Net current liabilities		**(1,328,299)**	(1,016,251)
Total assets less current liabilities		**(708,283)**	(193,878)

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Non-current liabilities			
Deposits received		**2,651**	3,171
Lease liabilities		**3,286**	–
Borrowings	*14*	**30,929**	19,431
Deferred tax liabilities		**143,905**	156,913
Total non-current liabilities		**180,771**	179,515
Net liabilities		**(889,054)**	(373,393)
EQUITY			
Equity attributable to owners of the Company			
Issued share capital		**35,688**	35,688
Reserves		**(924,742)**	(409,081)
Total deficit		**(889,054)**	(373,393)

1. CORPORATE INFORMATION

KEYNE LTD (the "**Company**") was incorporated in Bermuda on 9 May 2001 as an exempted company with limited liability and its issued shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company's registered office address is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and principal place of business of the Company in Hong Kong is located at Room 4101, 41st Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The Company's ultimate holding company is KEYNE HOLDINGS LTD ("**KEYNE HOLDINGS**"), a company incorporated in the Cayman Islands.

The Company acts as an investment holding company. The principal activities of the Company and its subsidiaries (collectively, the "**Group**") consist of rental of property, property and hotel development, and investment in centralised heat supply.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

2.2 Going concern basis

As at 31 December 2022, the Group had accumulated losses of approximately HK$3,588,835,000 (2021: HK$3,082,883,000), the Group's current liabilities exceeded its current assets by approximately HK$1,328,299,000 (2021: HK$1,016,251,000) and the Group's net liabilities amounted to approximately HK$889,054,000 (2021: HK$373,393,000). As at the same date, the Group's total borrowings amounted to approximately HK$1,839,132,000 (2021: HK$1,763,611,000), of which current borrowings amounted to approximately HK$1,808,203,000 (2021: HK$1,744,180,000), while its cash and cash equivalents amounted to approximately HK$1,119,000 (2021: HK$12,437,000), and restricted bank deposits amounted to approximately HK$12,438,000 (2021: HK$33,648,000).

As at 31 December 2022, certain borrowings whose principal amounts of approximately HK$490,673,000 and interest payable amounts of approximately HK$225,982,000, relating to borrowings with a total principal amounts of approximately HK$716,655,000 ("**Overdue Borrowings**") were overdue. The Group had failed to fulfil certain financial covenants, terms and conditions as stipulated in the relevant loan agreements in aggregate of approximately HK$282,025,000 and interest payable amounts of approximately HK$61,658,000. The aggregate principal amount of the aforementioned borrowings of approximately HK$1,638,876,000 would be immediately repayable if requested by the lenders. This amount included borrowings of approximately HK$118,919,000 with original contractual repayment dates beyond 31 December 2023 have been reclassified as current liabilities as at 31 December 2022.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the Executive Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) The Group is negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future;

(ii) The Group will seek to accelerate the pre-sales of its properties under development including remaining units of property projects and saleable car parks. The sales of residential properties "**Xiangtan Project**" in Xiangtan is expected to give further substantial sales proceeds in 2023. Overall, the Group expected to gradually launch a major project and the pre-sales permits were already obtained in 2021;

(iii) The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation and management remuneration adjustments and containment of capital expenditures; and

(iv) In light of the COVID-19 outbreak, the Group is closely monitoring the latest development and will continue to assess the impact of the epidemic, as well as any government's stimulus in response, on the Group's operations from time to time and adjust its sales and marketing strategy for its property sales to generate sufficient cash flows from its operations.

The Executive Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of twelve months from 31 December 2022. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations within twelve months from 31 December 2022. Accordingly, the Executive Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Group is in active negotiation with all the lenders in respect of the default and overdue borrowings for renewal and extension of the relevant borrowings and the Executive Directors are confident that agreements will be reached in due course.

Because of the aforementioned actions taken, management is confident that the lenders of the borrowings in respect of which there were delays in principal and interest repayments will not enforce their rights of requesting for immediate repayment.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) Successful negotiations with the lenders for the renewal of or extension for repayments beyond year 2023 for those borrowings that (a) are scheduled for repayment (either based on the original agreements or the existing arrangements) in year 2023; (b) were overdue as at 31 December 2022 because of the Group's failure to repay either the loan principal or the interests on or before the scheduled repayment dates; and (c) became or might become overdue in year 2023;

(ii) 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;

(iii) Successful obtaining of additional new sources of financing as and when needed;

(iv) Successful accelerating of the pre-sales and sales of properties under development and completed properties; and controlling costs and containing capital expenditures so as to generate adequate net cash inflows; and

(v) Successfully managing the impact of the COVID-19 outbreak, as well as any government's stimulus in response, on the Group's operations from time to time and adjusting its sales and marketing strategy for its property sales to generate sufficient cashflows from its operations.

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, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into three business units – (i) Property rental, (ii) Property and hotel development and (iii) Centralised heat supply.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit (loss), which is a measure of adjusted profit (loss) before taxation. The profit (loss) before taxation is measured consistently with the Group's profit (loss) before taxation except that finance income, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude pledged deposits in a financial institution, restricted bank deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a Group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a Group basis.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2022

	Property rental *HK$'000*	Property and hotel development *HK$'000*	Centralised heat supply *HK$'000*	Total *HK$'000*
Segment revenue:				
External revenue from contracts with customers by timing of revenue recognition				
– Point in time	–	–	–	–
External revenue from other sources	17,186	–	–	17,186
Total revenue	17,186	–	–	17,186
Segment results	1,268	(190,889)	(56,007)	(245,628)
Unallocated corporate expenses				(15,276)
Finance income				159
Finance costs				(246,857)
Loss before taxation				(507,602)
Income tax credit				1,650
Loss for the year				(505,952)

As at 31 December 2022

	Property rental *HK$'000*	Property and hotel development *HK$'000*	Centralised heat supply *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets and liabilities:					
Segment assets	182,370	2,816,484	–	142,023	3,140,877
Investments in associates	–	–	197,368	–	197,368
Segment liabilities	113,978	2,787,171	–	1,326,150	4,227,299
Other segment information:					
Capital expenditure					
– Owned assets	–	69	–	–	69
Depreciation					
– Owned assets	77	65	–	37	179
– Right-of-use assets	–	–	–	2,820	2,820
Fair value loss on investment properties	10,696	–	–	–	10,696
Impairment loss on investments in associates	–	–	55,859	–	55,859
Impairment loss on construction in progress	–	90,873	–	–	90,873
Written down of properties under development	–	50,238	–	–	50,238
Share of results of associates	–	–	140	–	140

Year ended 31 December 2021

	Property rental *HK$'000*	Property and hotel development *HK$'000*	Centralised heat supply *HK$'000*	Total *HK$'000*
Segment revenue:				
External revenue from contracts with customers by timing of revenue recognition				
– Point in time	–	–	–	–
External revenue from other sources	18,327	–	–	18,327
Total revenue	18,327	–	–	18,327
Segment results	(17,855)	(192,743)	(3,149)	(213,747)
Unallocated corporate expenses				(32,899)
Finance income				412
Finance costs				(302,522)
Loss before taxation				(548,756)
Income tax credit				11,394
Loss for the year				(537,362)

As at 31 December 2021

	Property rental *HK$'000*	Property and hotel development *HK$'000*	Centralised heat supply *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets and liabilities:					
Segment assets	207,819	3,224,541	–	56,527	3,488,887
Investments in associates	–	–	254,175	–	254,175
Segment liabilities	80,899	2,833,513	–	1,202,043	4,116,455
Other segment information:					
Capital expenditure					
– Owned assets	–	69,293	–	13	69,306
Depreciation					
– Owned assets	107	102	–	204	413
– Right-of-use assets	1,319	–	–	3,393	4,712
Fair value loss on investment properties	14,103	–	–	–	14,103
Impairment loss on investment in associates	685	–	5,186	–	5,871
Impairment loss on construction in progress	–	156,244	–	–	156,244
Share of results of associates	–	–	(2,049)	–	(2,049)

(a) Geographical information

2022

	Hong Kong	**Mainland China**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue	**–**	**17,186**	**17,186**
Non-current assets (other than financial instruments)	**5,882**	**612,951**	**618,833**
Capital expenditure	**–**	**69**	**69**

2021

	Hong Kong	Mainland China	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue	–	18,327	18,327
Non-current assets (other than financial instruments)	1,088	819,784	820,872
Capital expenditure	13	69,293	69,306

(b) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2022	2021
	HK$'000	*HK$'000*
Customer A	**11,494**	13,498
Customer B	**2,800**	N/A[1]
Customer C	**1,894**	1,982
	16,188	15,480

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of sales of properties and rental income received and receivable from its investment property less value-added tax during the year.

	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sales of properties	**–**	–
Revenue from other sources		
Property rental income	**17,186**	18,327
	17,186	18,327
Other income and gains		
Government grants *(note)*	**81**	–
Gain on disposal of property, plant and equipment	**70**	–
Others	**2,413**	1,581
	2,564	1,581

Note: The Group recognized government grants of HK$81,000 in respect of COVID-19-related subsidies, of which HK$81,000 related to Employment Support Scheme provided by the Hong Kong Government for the year ended 31 December 2022 (2021: nil).

6. FINANCE COSTS – NET

	2022	2021
	HK$'000	*HK$'000*
Finance costs:		
Interest on bank borrowings	**35,848**	52,061
Interest on other borrowings	**217,811**	182,439
Interest on lease liabilities	**551**	340
Significant financing component of contract liabilities	**1,283**	78,777
Foreign exchange difference, net	**2,709**	206
	258,202	313,823
Less: amounts capitalised on qualifying assets	**(11,345)**	(11,301)
Total finance costs	**246,857**	302,522
Finance income:		
Interest income on short-term bank deposits	**(51)**	(248)
Interest income from rental deposits	**(108)**	(164)
Total finance income	**(159)**	(412)
Finance costs – net	**246,698**	302,110

7. LOSS BEFORE TAXATION

	2022	2021
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Directors' remuneration	**2,976**	3,848
Other staff costs:		
Wages and salaries	**10,261**	14,471
Retirement benefit schemes contributions	**544**	631
Total staff costs	**13,781**	18,950
Depreciation of property, plant and equipment	**179**	413
Depreciation of right-of-use assets	**2,820**	4,712
Total depreciation	**2,999**	5,125
Auditor's remuneration	**1,500**	1,800
Compensation to a construction contractor	**15,024**	15,006
Short-term lease payment	**25**	97
Leases of low-value items	**70**	279
and after crediting:		
Gross rental income from investment properties	**17,186**	18,327
Less: Direct operating expenses of investment properties that generated rental income during the year	**(2,396)**	(2,547)
	14,790	15,780

8. INCOME TAX CREDIT

	2022	2021
	HK$'000	*HK$'000*
Current tax – People's Republic of China ("**PRC**"):		
Credit for the year	**–**	(8,795)
Underprovision in prior years	**94**	–
Deferred tax	**(1,744)**	(2,599)
Total income tax credit	**(1,650)**	(11,394)

The applicable tax rate for the Group's operations in Mainland China is 25% for both years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

9. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on the following:

	2022	2021
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(505,952)**	(537,362)

Number of shares (in thousand)	**2022**	2021
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,568,791**	3,568,791

	2022	2021
Loss per share attributable to owners of the Company		
Basic	**HK(14.18) cents**	HK(15.06) cents

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the years ended 31 December 2022 and 2021, the Company had one category of dilutive potential ordinary shares, being the share options.

The computation of diluted loss per share does not assume the exercise of the Company's share options for both years because the exercise price of those share options would result in a decrease in loss per share.

11. RENTAL RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Rental receivables	**15,637**	15,511
Less: ECL allowance	**(7,515)**	(8,156)
Rental receivables – net	**8,122**	7,355

The carrying amounts of rental receivables approximate their fair values.

Movements in the ECL allowance of rental receivables are as follows:

	2022	2021
	HK$'000	*HK$'000*
At 1 January	**8,156**	7,939
Exchange realignment	**(641)**	217
At 31 December	**7,515**	8,156

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Other prepayments	**76,706**	97,266
Other receivables	**6,221**	7,441
Prepaid construction cost	**283,105**	307,884
Utility and other deposits	**1,824**	2,199
	367,856	414,790
Less: Current portion	**(366,673)**	(413,289)
Non-current portion	**1,183**	1,501

13. TRADE PAYABLES

At 31 December 2022 and 2021, the aging analysis of the trade payables, based on the invoice date, is as follows:

	2022	2021
	HK$'000	*HK$'000*
0 – 90 days	**290,809**	275,534
91 – 180 days	**5,585**	57,855
181 – 365 days	**4,233**	2,113
Over 1 year	**2,639**	2,864
	303,266	338,366

14. BORROWINGS

	Maturity	**2022**	2021
		HK$'000	*HK$'000*
Current liabilities			
Bank borrowings – secured *(note i)*	June 2022	**62,037**	67,332
Bank borrowings – secured *(note ii)*	On demand	**282,025**	306,110
Other borrowings – secured *(note iii)*	December 2022	**285,069**	284,704
Other borrowings – secured *(note iv)*	November and December 2020	**143,567**	143,483
Other borrowings – secured *(note v)*	December 2023	**747,259**	811,032
Other borrowings – secured *(note vi)*	On demand	**118,919**	–
Other borrowings – unsecured *(note vii)*	On demand	**151,986**	113,103
Other borrowings – unsecured *(note viii)*	December 2023	**3,841**	3,841
Other borrowings – unsecured *(note ix)*	June 2022	**–**	1,075
Borrowings from a related party – unsecured *(note x)*	December 2023	**13,500**	13,500
		1,808,203	1,744,180
Non-current liabilities			
Other borrowings – unsecured *(note ix)*	June, August, November 2024	**1,942**	655
Borrowings from a director – unsecured *(note xi)*	2024 and 2025	**7,380**	2,280
Other borrowings – unsecured *(note xii)*	2024	**21,607**	16,496
		30,929	19,431
		1,839,132	1,763,611

The Group's borrowings are repayable as follows:

	2022	2021
	HK$'000	*HK$'000*
Within 1 year or on demand	**1,808,203**	1,744,180
Within a period of more than one year but not exceeding two years	**25,829**	19,431
Within a period of more than two years but not exceeding five years	**5,100**	–
	1,839,132	1,763,611

Notes:

(i) At 31 December 2022, the Group's bank borrowings of HK$62,037,000 (2021: HK$67,332,000) is repayable by June 2022 (2021: repayable by installments from January 2022 to June 2022), were interest bearing per annum at the benchmark interest rate determined by the People's Bank of China for loans over 5 years (2021: 5 years) granted by financial institutions. At 31 December 2022, principal amount of HK$62,037,000 (2021: Nil) were overdue.

At 31 December 2022 and 2021, the bank borrowings were secured and guaranteed by:

(a) the Group's leasehold lands (first priority charge) and construction in progress (first priority charge) with a net carrying amount of HK$25,752,000 (2021: HK$37,075,000) and HK$216,551,000 (2021: HK$329,044,000) respectively;

(b) personal guarantees executed by Ms. Qian Ling Ling (a director of the Company), Mr. Peter Zhu (the spouse of Ms. Qian Ling Ling) and Mr. Zhu Boheng (the controlling shareholder of the Company);

(c) a corporate guarantee executed by a subsidiary of the Group including Hunan Jiuhua International City Development Construction Company Limited ("Hunan Jiuhua"); and

(d) a corporate guarantee executed by Shanghai Jin Da Di investment Company Limited* (上海金大地投資有限公司) ("Shanghai Jin Da Di"). The controlling shareholder of this company is Mr. Zhu Boheng (the controlling shareholder of the Company).

(ii) At 31 December 2022, the Group's bank borrowings of HK$282,025,000 (2021: HK$306,110,000) is repayable on demand (2021: June 2023), were interest bearing at 9.5% per annum and penalty interest at 14.5% per annum (2021: same). At 31 December 2022, principal amount of HK$282,025,000 were failed to fulfill certain financial covenants, terms and conditions.

At 31 December 2022 and 2021, the bank borrowings were secured and guaranteed by:

(a) the Group's investment properties with a net carrying amount of HK$172,719,000 (2021: HK$198,727,000);

(b) a property owned by Ms. Qian Ling Ling (a director of the Company);

(c) corporate guarantees executed by Shanghai Jin Da Di, Nanjing Jin Gao Real Estate Company Limited* (南京金高房地產開發有限公司) ("Nanjian Jin Gao") and Yangzhou Ya Tai Zhi Ye Company Limited* (揚州亞太置業有限公司) ("Yangzhou Ya Tai"). The controlling shareholder of these companies is Mr. Zhu Boheng (the controlling shareholder of the Company);

(d) personal guarantees executed by Ms. Qian Ling Ling (a director of the Company), Mr. Peter Zhu (the spouse of Ms. Qian Ling Ling) and Mr. Zhu Boheng (the controlling shareholder of the Company); and

(e) corporate guarantees executed by the Company and a subsidiary of the Group including Hunan Jiuhua.

(iii) At 31 December 2022, the Group's other borrowings of HK$285,069,000 (2021: HK$284,704,000) were penalty interest bearing at 18% per annum (2021: interest bearing at 9% per annum) and repayable by installments from March 2022 to December 2022 (2021: repayable by installments from March 2022 to December 2022). At 31 December 2022, principal amount of HK$285,069,000 (2021: Nil) were overdue.

At 31 December 2022 and 2021, the other borrowings were secured and guaranteed by:

(a) equity interests in subsidiaries of the Group under Brilliant Field Corporation Limited and Profit Source International Limited;

(b) first fixed charge over 2,010,501,197 shares (2021: 2,010,501,197 shares) of the Company owned by KEYNE HOLDINGS, the substantial shareholder of the Company. The controlling shareholder of this company is Mr. Zhu Boheng (the controlling shareholder of the Company);

(c) a fixed charge over a bank account;

(d) corporate guarantees executed by related companies, Ever Harmony Enterprises Limited, Yangzhou Ya Tai and Nanjing Jin Gao. The ultimate controlling shareholder of these companies is Mr. Zhu Boheng (the controlling shareholder of the Company); and

(e) personal guarantees executed by Ms. Qian Ling Ling (a director of the Company), Mr. Peter Zhu (the spouse of Ms. Qian Ling Ling) and Mr. Zhu Boheng (the controlling shareholder of the Company).

(iv) At 31 December 2022, the Group's other borrowings of HK$143,567,000 (2021: HK$143,483,000) were secured and guaranteed, interest bearing at 15% per annum (2021: 15% per annum) and were repayable in November and December 2020 (2021: repayable in November and December 2020). At 31 December 2022, principal amount of HK$143,567,000 (2021: HK$143,483,000) were overdue.

At 31 December 2022 and 2021, the other borrowings were secured and guaranteed by:

(a) personal guarantees executed by Mr. Zhu Boheng (the controlling shareholder of the Company), Ms. Qian Ling Ling (a director of the Company) and Mr. Peter Zhu (the spouse of Ms. Qian Ling Ling);

(b) corporate guarantees executed by Shanghai Jin Da Di and Shanghai Xin Rong Properties Development Limited* (上海新融置業發展有限公司). The controlling shareholder of these companies is Mr. Zhu Boheng (the controlling shareholder of the Company);

(c) a share charge over the equity interest in Ever-Grand Development Limited ("**Ever-Grand**"); and

(d) certain properties for sale or under development owned by related parties, Shanghai Hua Hu Yin Nian Investment Partnership Corporation (Limited Partnership)* (上海華滬銀年投資合夥企業(有限合夥)), the ultimate controlling shareholder of this company is Mr. Peter Zhu (the spouse of Ms. Qian Ling Ling), and Gaoyou Jin Ao Real Estate Development Company Limited* (高郵金奧房地產開發有限公司), the ultimate controlling shareholder of this company is Mr. Zhu Boheng (the controlling shareholder of the Company).

(v) At 31 December 2022, the Group's other borrowings of HK$747,259,000 (2021: HK$811,032,000) in total with extended maturity date in December 2023 (2021: January, May, June 2022 and January 2023), were interest bearing at 12% per annum (2021: 12% per annum) and will be repayable by installments.

The other borrowings were secured and guaranteed by:

(a) certain properties under development, with a net carrying amount of approximately HK$1,517,323,000 (2021: HK$1,724,651,000);

(b) corporate guarantees executed by related companies, Yangzhou Ya Tai and Shanghai Jin Da Di. The ultimate controlling shareholder of these companies is Mr. Zhu Boheng (the controlling shareholder of the Company);

(c) personal guarantees executed by Ms. Qian Ling Ling (a director of the Company), Mr. Peter Zhu (the spouse of Ms. Qian Ling Ling) and Mr. Zhu Boheng (the controlling shareholder of the Company);

(d) the Group's leasehold lands (second priority charge) and construction in progress (second priority charge) with a net carrying amount of HK$25,752,000 (2021: HK$37,075,000) and HK$216,551,000 (2021: HK$329,044,000) respectively; and

(vi) As at 31 December 2022, the Group's other borrowings of the Guaranteed Building Special Loan provided by the PRC Government to support Xiangtan Project were interest bearing at 2.8% per annum, secured by certain properties under development with a net carrying amount of approximately HK$140,993,000 and repayable on demand (2021: Nil).

Management estimates that after taking the measures as set out in note 2.2 and with its endeavours to ensure that there will be no further delay in repayment of interest, the repayment date of this reclassified other borrowings could be reverted to its original repayment date in September 2024 which are beyond 31 December 2023.

(vii) At 31 December 2022 and 2021, the Group's other borrowings from related parties were interest-free, unsecured and repayable on demand.

(viii) At 31 December 2022 and 2021, the Group's other borrowings from a related party were interest-free, unsecured and repayable on or before 31 December 2023 (2021: 31 December 2022).

(ix) At 31 December 2022 and 2021, the Group's other borrowings from a related party were interest bearing at 5% per annum (2021: 5% per annum), unsecured and repayable by installments in June, August, November 2024 (2021: June 2022 and August 2023).

(x) At 31 December 2022 and 2021, the Group's borrowings from a related party were repayable in December 2023 (2021: December 2022), unsecured and interest-free, and was assigned from a former shareholder, executed by a deed of loan assignment.

(xi) At 31 December 2022 and 2021, the Group's borrowings from a director were interest bearing at 5% per annum, unsecured and repayable by installments in 2024 and 2025 (2021: July and December 2023).

(xii) At 31 December 2022 and 2021, the Group's other borrowings from related parties were interest-free, unsecured and payable by installments in 2024 (2021: February, April, May and June 2023).

* *For identification purpose only*

15. CONTINGENT LIABILITIES

(i) Provision of contingent withholding EIT

According to Tax Circular 698 and Public Notice [2015] No. 7 ("**Public Notice 7**") of the State Administration of Taxation (the "**SAT**"), the Group's acquisition of 49% equity interest in Ever-Grand during the year ended 31 December 2016 had led to an indirect acquisition of subsidiaries of Ever-Grand in the PRC, including 東莞市德晉能源科技有限公司 (Dongguan City Dejin Energy Technology Company Limited) and 東莞市德晉熱力有限公司 (Dongguan City Dejin Thermal Power Company Limited). Such arrangement shall be recharacterised as a direct transfer by the PRC tax authorities and the capital gain derived will be subject to EIT. The Group should act as EIT withholding agent and report the indirect equity transfer (and settle the EIT, if applicable) to the PRC tax authorities within 30 days after the equity transfer agreement is concluded.

In case the Group fails to fulfill its withholding obligation and the Vendor has not paid the EIT, the PRC tax authorities would demand the Vendor for the payment of EIT and impose penalty of 50% to 3 times of the unpaid EIT on the Group. The penalty may be relieved if the indirect transfer has been voluntarily reported to the PRC tax authorities by the Group.

The Company has already held back a sum of HK$60,000,000 payable to the Vendor to serve as withholding EIT and further made an EIT provision of HK$28,200,000, but has not yet reported the transaction or paid EIT to the PRC tax authorities. After consulting PRC legal counsel, the Directors are of the opinion that the Group has already substantially fulfilled the withholding obligation, thereby containing the risk of penalty to reasonably low level.

According to sale and purchase agreement dated 16 November 2015 entered into among the Company, the Vendor and the Guarantors, namely Guarantor C and Guarantor L, the Vendor is responsible for the filing and the settlement of the EIT arising from the indirect equity transfer in accordance to the relevant PRC tax laws and regulations. The Vendor shall compensate the Company in case the Vendor fails to report and payment of the EIT on the indirect equity transfer. In addition, such arrangement was further formally executed through a deed of tax indemnity entered into among the Company, the Vendor and the Guarantors on 30 March 2016. Therefore, the Directors believe the Vendor, who still own 51% equity interest in Ever-Grand, would voluntarily report and pay the EIT to the PRC tax authorities, as well as compensating the Group for any penalty to be imposed to the Group, if any. The Directors do not consider it is probable that a claim will be made against the Group regarding the penalty mentioned above.

On 22 July 2022, the Vendor has transferred to HK$60,000,000 payable to a third party Vendor, while terms and conditions are same as before.

At 31 December 2022 and 2021, the Company and the third party Vendor/Vendor have mutually agreed in writing to further extend the settlement period of the held back sum of HK$60,000,000 in cash on or before 31 December 2023 (2021: on or before 31 December 2022) by one single or multiple payment.

(ii) Pending litigation

(a) During the year ended 31 December 2022, the court ordered Chengdu Zhongfa Real Estate Development Co. Ltd ("**Chengdu Zhongfa**"), an indirect wholly-owned subsidiary of the Group, for the repayment to Zhejiang Chouzhou Commercial Bank Co., Ltd (Nanjing Branch) ("**ZCCB**") all outstanding loan principal, accrued interests, default interests and compound interests up to the date of repayment in respect of the loan agreement dated 17 November 2020 and the settlement agreement dated 17 December 2021 entered into between Chengdu Zhongfa as borrower and ZCCB as lender (collectively, the "**ZCCB Loan Agreements**") for the loan principal of RMB250,000,000 (the "**ZCCB Loan**"), on the basis of the Company's alleged joint and several liability to the ZCCB Loan under the guarantee agreement dated 17 November 2020 entered into between the Company as guarantor and ZCCB as lender in respect of the ZCCB Loan; On 22 February 2023, Chengdu Zhongfa has received a court notice and enforcement judgement. Pursuant to the court notice and enforcement judgement, Chengdu Zhongfa failed to perform their obligations under the judgement, the Nanjing Court has ruled to a forced sale of Chengdu Zhongfa's real estate located at No. 19 Yongling Road, Jinniu District, Chengdu City, Sichuan Province by way of auction through the website of Taobao. Up to the date of this announcement, the litigation is still in progress.

(b) During the year ended 31 December 2022, the court ordered Hunan Jiuhua Dong Fang Hotel Company Limited ("**Dong Fang Hotel**"), an indirect wholly-owned subsidiary of the Group, and Hunan Jiuhua, that (i) Dong Fang Hotel to repay to the Industrial and Commercial Bank of China Limited (Xiangtan Xiangjiang Branch) ("**ICBC**") all outstanding loan principal, accrued interests, default interests and compound interests up to the date of repayment (the "**ICBC Liabilities**") in respect of the loan agreement dated 11 September 2012 for the loan principal of RMB250,000,000, the first loan extension agreement dated 31 March 2016 for the loan principal of RMB190,000,000, the second loan extension agreement dated 30 December 2019 for the loan principal of RMB68,000,000, the third loan extension agreement dated 11 December 2020 for the loan principal of RMB20,000,000 and the fourth loan extension agreement dated 28 June 2021 for the loan principal of RMB60,000,000 all entered into between Dong Fang Hotel as borrower and ICBC as lender (collectively, the ("**ICBC Loan Agreements**"), and ("**ICBC Loans**") refers to the loans granted by ICBC to Dong Fang Hotel under the ICBC Loan Agreements); (ii) among other defendants, Hunan Jiuhua and Ms. Qian Ling Ling be ordered to repay the ICBC Liabilities on the basis of Hunan Jiuhua and Ms. Qian Ling Ling's alleged joint and several liability to the ICBC Loans under the guarantee agreement dated 28 June 2021 entered into between Hunan Jiuhua as guarantor and ICBC as lender in respect of the ICBC Loans, and the guarantee agreement dated 29 June 2021 entered into between Ms. Qian Ling Ling as guarantor and ICBC as lender of the ICBC Loans. The ICBC Civil Complaint was accepted by the Hunan Court and the ICBC Proceedings have been scheduled for hearing on 6 September 2022. Furthermore, Dong Fang Hotel and Hunan Jiuhua have recently received from the People's Court of Yuhu District, Xiangtan City, Hunan Province (the "**Hunan Court**") the civil judgement. Pursuant to the civil judgement, the Hunan Court has passed the application made by ICBC to apply for property preservation against Dong Fang Hotel, Hunan Jiuhua and Ms. Qian Ling Ling, the chairman and executive director of the board of directors, and ruled to freeze the bank deposits, valued RMB56,481,508.80, of Dong Fang Hotel, Hunan Jiuhua and Ms. Qian Ling Ling or seal up or distrain upon other property of equal value. Up to the date of this announcement, the litigation is still in progress.

(c) During the year ended 31 December 2022, a construction contractor filed legal proceedings against the Group, for the overdue construction cost of RMB12,110,000. The court requested to freeze the bank deposits or other properties of RMB12,110,000. In respect of the litigation case, the Group has freezed the properties under development amounted to RMB12,110,000. Up to the date of this announcement, the litigation is still in progress.

Except as above, the Group has no material contingent liabilities as at 31 December 2022 and 2021.

16. EVENTS AFTER THE REPORTING PERIOD

On 22 February 2023, Chengdu Zhongfa has received a court notice and enforcement judgement. Pursuant to the court notice and enforcement judgement, Chengdu Zhongfa failed to perform their obligations under the judgement, the Nanjing Court has ruled to a forced sale of Chengdu Zhongfa's real estate located at No. 19 Yongling Road, Jinniu District, Chengdu City, Sichuan Province by way of auction through the website of Taobao. Up to the date of this announcement, the litigation is still in progress.

MANAGEMENT DISCUSSION AND ANALYSIS

Since 2022, the Russia-Ukraine conflict has broken out, the impact of the pandemic on the economy has been amplified, and the global economic growth has slowed down. Bottlenecks in the global supply chain continued, commodity prices ran high, and inflation remained upwards, followed by US Federal Reserve's raising interest rate, which drove the world into a policy tightening cycle and intensified the challenges of global economic growth. China's economic growth slowed down due to the pandemic prevention and control measures in some areas from March to May this year. Fortunately, with the improvement of the domestic pandemic situation, the implementation of fiscal and monetary policies has been strengthened, and the economy has begun to recover strongly.

For the year ended 31 December 2022, the Group focus on (i) property and hotel development (the "**Xiangtan Project**") in Xiangtan, Hunan Province, (ii) property rental (the "**Chengdu Project**") in Chengdu, Sichuan Province and (iii) investment in centralised heat supply business.

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2022, the Group recorded a revenue of approximately HK$17,186,000 (2021: HK$18,237,000). Property rental income dropped to approximately HK$17,186,000 (2021: HK$18,237,000) to the total revenue because of deduction of rental fee under COVID-19 pandemic and business turn down of some tenants. There is no income from sales of properties (2021: Nil) to the total revenue because area of detached villas will be finished construction by mid of Yr2023.

Loss attributable to owners of the Company was approximately HK$505,952,000 (2021: HK$537,362,000). Basic loss per share was approximately HK$14.18 cents (2021: HK$15.06 cents). The Board does not recommend dividend payout for the year ended 31 December 2022 (2021: Nil). As at 31 December 2022, cash and cash equivalents were approximately HK$1,119,000 (31 December 2021: HK$12,437,000).

BUSINESS REVIEW

(i) Xiangtan Project

The Xiangtan Project currently focuses on the development, construction and sales of high-rise residential buildings. Situated in the Jiuhua Economic Zone of Xiangtan City, Hunan Province, the Xiangtan Project encompasses a land area of 559,696 square meters for the development of a five-star hotel and residential properties with ancillary commercial space, etc.

The Group continued to strengthen its brand influence and competitive edge, expanded its market share, and further consolidated its leading position in the Hunan Province. As a semi-detached villas provider, the Group focused on deepening the strategic cooperation with its major clients and actively expanded the high-end market while strengthening the intra-group management. The Group carefully organized the internal design, procurement, production and installation procedures, allocated resources and enhanced safety control so as to ensure quality, safety and efficiency of the projects during construction period.

The Xiangtan Project currently focuses on the development, construction and sales of high-rise residential buildings, as well as the hotel's interior decoration and exterior landscape construction. Despite slowdown in construction progress due to the impact of the COVID-19 pandemic, the Xiangtan Project has still overcome difficulties and obtained pre-sale permits for two high-rise commercial residential buildings. Such residences received overwhelming market response and recorded a high sell-through rate after coming into the market.

The Xiangtan Project will speed up the development of high-rise residential buildings to successively launch all remaining high-rise residences in Phase II and accelerate the construction work of hotel, in the hope of launching relevant products into the market in 2023. The continual launches and high sell-through rate of high-rise residential products will further improve the financial position of the Group while effectively supplementing the cash flow of the project.

(ii) Chengdu Project

For the year ended 31 December 2022, the Group's five-storey shopping centre located in No. 19 Yongling Road, Jinniu District, Chengdu City, Sichuan Province, the PRC, held for commercial use, remained almost fully leased and occupied, become the main steady income driver for the Group. Revenue of approximately HK$17,186,000 (2021: HK$18,327,000) from property rental were recorded for the year ended 31 December 2022. The decrease in rental income was mainly due to deduction of rental fee under COVID-19 pandemic, and business turn down of some tenants.

(iii) Centralised Heat Supply Business

As at 31 December 2022, an independent valuation was carried out to determine the recoverable amount of 49% equity interests in Ever-Grand Development Limited ("**Ever-Grand**"), for the purpose of assessment of an indication of asset impairment in complying with HKAS 36 "Impairment of Assets". The recoverable amount was determined at approximately HK$197,368,000 (2021: HK$254,175,000), which was approximately 5.9% (2021: 6.8%) to the Group's total assets of approximately HK$3,338,245,000 (2021: HK$3,743,062,000) at 31 December 2022.

Currently, the Group is supplying steam to around 18 (2021: 25) active customers in Humen Town through steam transmission pipelines of approximately 4.6km (2021: same). During the reporting period, the centralised heat supply business, generating revenue of approximately HK$30,614,000 (2021: HK$47,120,000) to Ever-Grand, representing a decrease of 35.0% as compared with the last reporting period. However, in the ChangAn town, as a result of the continuous delay of the pipeline deployment plan, coupled with the sustained delay of the public release from the local and central government of the Changan Binhai New Area's "Guangdong, Hong Kong, and Macau Greater Bay Area Development Plan Outline" and the Dawan District Plan, the business plan of the ChangAn town was further delayed and suspended with uncertainties.

The financial projections, in particular, the capital expenditures ("**CAPEX**") plan of Ever-Grand have been delayed from the period from 31 December 2022 to 31 December 2023, further delayed to the period from 31 December 2023 to 31 December 2026, thus the revenue projections for Ever-Grand have been delayed accordingly and the revenue projection decreased as compared the valuation for the year ended 31 December 2022 with valuation for the year ended 31 December 2021. The Management of the Ever-Grand Group have then revised the financial forecast of Ever-Grand as at 31 December 2023 in arriving at a more conservative estimate which better reflect the industry outlook. As a result of the decrease in revenue projection of Ever-Grand, the cost of goods sold, management expense, business tax and surcharge and staff expense in respect of Ever-Grand have been reduced accordingly.

IMPAIRMENT LOSSES, FAIR VALUE LOSS AND WRITTEN DOWN

The COVID-19 pandemic has adversely affected the global economic growth forecast, and the Group updated the forecast data to reflect the relevant impact when conducting Xiangtan Jinao Swissotel Hotel and construction in progress impairment assessment. The Group recorded impairment loss of construction in progress of Hunan Xiang Tan Project Phase I Hotel of approximately HK$90,873,000 (2021: HK$156,244,000) during the year ended 31 December 2022. The Group also recorded fair value loss of Cheng Du Min Zu Plaza and impairment loss of the 49% equity interest in Ever-Grand of approximately HK$10,696,000 (2021: HK$14,103,000), and HK$55,859,000 (2021: HK$5,186,000) in 2022. The Group has also recorded the written down of properties under development of detached villa in Xiangtan Project of approximately HK$50,238,000 during the year ended 31 December 2022 (2021: Nil).

FINANCING ACTIVITIES AND EVENT AFTER THE REPORTING PERIOD

The outstanding loan facilities of USD36,509,876 as at 31 December 2022 provided by China Huarong International Limited (中國華融國際股份有限公司) ("HuaRong International")

The management of the Company held a meeting with the management of HuaRong International in the headoffice of HuaRong International in March 2022 to discuss loan extension and restructure issue, at which the Company presented an overview of the current sales of the Xiangtan Project and the operation performance of the Company. With the implementation of economic stimulus packages and favourable policies for the real estate industry proposed by the central and local governments, both parties reached the consensus that the residential property sales market in Mainland China will gradually recover.

HuaRong International remains confident in our capability for repayment of indebtedness after recovery of sales performance, and has agreed to allow us more time to properly deal with our debt issue. After the meeting, HuaRong International indicated their intention to assign a team to conduct due diligence work on the Company's project. However, due to the lockdown measures implemented in Shanghai, the onsite due diligence work was temporarily suspended in May 2022, and resume to normal already.

The outstanding loan facilities of USD18,387,188 as at 31 December 2022 provided by Donghai International Financial Holdings Company Limited (東海國際金融控股有限公司) ("Donghai International")

Donghai International agreed to extend the loan facility to the end of Yr2022 and will continue to discuss after Yr2022. The project management personnel of Donghai International were invited and paid a visit to Nanjing to discuss the existing debts of the Company with the substantial shareholders, de facto controller and chief financial officer of the Company in April 2022. The current liquidity shortage faced by the Company is a temporary issue due to the impact of the COVID-19 pandemic on property sales.

With the success in pandemic containment and the implementation of favourable policies for the real estate industry by various local governments, the property market in Mainland China is expected to gradually recover. Donghai International has agreed to allow more time for the Company to properly deal with its debt issue. Subsequently, the Donghai International also paid a field trip to the Xiangtan Project.

The outstanding loan facilities of RMB662,370,000 as at 31 December 2022 provided by China Huarong Asset Management Co., Ltd (Beijing Branch)* (中國華融資產管理股份有限公司北京市分公司) ("China Huarong")

Chengdu Zhongfa Yellow River Industry Co., Ltd* (成都中發黃河實業有限公司) ("**Chengdu Zhongfa**"), an indirect wholly-owned subsidiary of the Company, has recently received, among other court documents, the enforcement notice numbered (2022) Jing 01 Zhi No. 694* ((2022)京01執694號《執行通知書》) (the "**First Enforcement Notice**") from the Beijing No. 1 Intermediate People's Court* (北京市第一中級人民法院) (the "**Beijing Court**").

Pursuant to the First Enforcement Notice, the Beijing Court has ordered for the mandatory enforcement of the execution certificate numbered (2022) Jing Zhongxin Zhi No. 00413* ((2022) 京中信執字第00413號《執行證書》) issued by the Beijing Zhongxin Notary Public Office* (北京市中信公證署) (the"Beijing Notary Office") ordering, among other defendants, Chengdu Zhongfa, Hunan Jiuhua Dong Fang Hotel Co., Ltd* (湖南九華東方酒店有限公司) ("**Dong Fang Hotel**"), Hunan Jiuhua International New City Development Construction Co., Ltd* (湖南九華國際新城開發建設有限公司) ("**Hunan Jiuhua International**"), being indirect wholly-owned subsidiaries of the Company, and Ms. Qian Ling Ling ("**Ms. Qian**"), the chairman of the Board and executive Director, to repay China Huarong Asset Management Co., Ltd (Beijing Branch)* (中國華融資產管理股份有限公司北京市分公司) ("**China Huarong**") the sum of the outstanding loan principal, default compensation, default interests, legal costs and notary fee in the aggregate amount of not less than approximately RMB203 million, pursuant to certain loan assignment agreement, loan agreements, supplemental loan agreements and guarantee agreement entered into among Chengdu Zhongfa, Dong Fang Hotel, Hunan Jiuhua International, Ms. Qian and China Huarong (the "**First China Huarong Proceedings**").

Hunan Jiuhua International has recently received, among other court documents, the enforcement notice numbered (2022) Jing 01 Zhi No. 695* ((2022)京01執695號《執行通知書》) (the "**Second Enforcement Notice**") from the Beijing Court.

Hunan Jiuhua International has also recently received, among other court documents, the enforcement notice numbered (2022) Jing 01 Zhi No. 697* ((2022)京01執697號《執行通知書》) (the "**Third Enforcement Notice**") from the Beijing Court.

Pursuant to the Second and Third Enforcement Notice, the Beijing Court has ordered for the mandatory enforcement of the execution certificate numbered (2022) Jing Zhongxin Zhi No. 00414* ((2022) 京中信執字第00414號《執行證書》), and Jing Zhongxin Zhi No. 00415* ((2022) 京中信執字第00415號《執行證書》) issued by the Beijing Notary Office ordering, among other defendants, Hunan Jiuhua International and Ms. Qian, to repay China Huarong the sum of the outstanding loan principal, default compensation, default interests, legal costs and notary fee in the aggregate amount of not less than approximately RMB468 million, and RMB270 million (including the sum of the outstanding loan principal, default compensation, default interests, legal costs and notary fee in the aggregate amount), pursuant to certain loan assignment agreement, loan agreements, supplemental loan agreements and guarantee agreement entered into by, among others, Hunan Jiuhua International, Ms. Qian and China Huarong.

The negotiation of the loan for repaying China Huarong outstanding loan principal with default interests, legal costs and notary fee is still in progress and the restructure of loan is necessary. China Huarong agreed to extend the loan facility in December 2022.

The outstanding loan facilities of RMB250,000,000 as at 31 December 2022 provided by Zhejiang Chouzhou Commercial Bank Co., Ltd (Nanjing Branch)* (浙江稠州商業銀行股份有限公司南京分行) ("ZCCB")

The Company has recently received, among other court documents, a writ of summons (傳票), notice of response (應訴通知書) and civil complaint (民事起訴狀) (the "**ZCCB Civil Complaint**") from the Nanjing Intermediate People's Court of Jiangsu Province* (江蘇省南京市中級人民法院) (the "**Jiangsu Court**") in the legal proceedings (2022) Su 01 Minchu No. 2374* ((2022)蘇01民初2374號) (the "**ZCCB Proceedings**").

Pursuant to the ZCCB Civil Complaint, the Zhejiang Chouzhou Commercial Bank Co., Ltd (Nanjing Branch)* (浙江稠州商業銀行股份有限公司南京分行) ("**ZCCB**") as plaintiff, sought orders from the Jiangsu Court against the Company as defendant, for the repayment to ZCCB all outstanding loan principal, accrued interests, default interests and compound interests up to the date of repayment in respect of the loan agreement dated 17 November 2020 and the settlement agreement dated 17 December 2021 entered into between Chengdu Zhongfa as borrower and ZCCB as lender (collectively, the "**ZCCB Loan Agreements**") for the loan principal of RMB250,000,000 (the "**ZCCB Loan**"), on the basis of the Company's alleged joint and several liability to the ZCCB Loan under the guarantee agreement dated 17 November 2020 entered into between the Company as guarantor and ZCCB as lender in respect of the ZCCB Loan.

The Company has recently received a court notice (the "**Court Notice**") and enforcement judgement numbered (2023) Su 0105 Zhihui No. 53* ((2023)蘇0105執恢53號《公告》及《執行裁定書》) (the "**Judgement**") from the Nanjing Jianye District People's Court* (南京市建鄴區人民法院) (the"Nanjing Court"). Pursuant to the Court Notice and the Judgement, given that the defendant under ZCCB Proceedings failed to perform their obligations under the Judgement, the Nanjing Court has ruled to a forced sale of Chengdu Zhongfa's real estate located at No. 19 Yongling Road, Jinniu District, Chengdu City, Sichuan Province by way of auction through the website of Taobao.

The Company is currently liaising and negotiating with the creditor for the restructuring and/or extension of the relevant loan.

The outstanding loan facilities of RMB54,900,000 as at 31 December 2022 provided by Industrial and Commercial Bank of China Limited (Xiangtan Xiangjiang Branch)* (中國工商銀行股份有限公司湘潭湘江支行) ("ICBC")

Pursuant to the ICBC Civil Complaint, the Industrial and Commercial Bank of China Limited (Xiangtan Xiangjiang Branch)* (中國工商銀行股份有限公司湘潭湘江支行) ("**ICBC**") as plaintiff, sought from the Hunan Court against, among others, Dong Fang Hotel and Hunan Jiuhua International as defendants, the following orders:– (i) that Dong Fang Hotel be ordered to repay to ICBC all outstanding loan principal, accrued interests, default interests and compound interests up to the date of repayment (the "**ICBC Liabilities**") in respect of the loan agreement dated 11 September 2012 for the loan principal of RMB250,000,000, the first loan extension agreement dated 31 March 2016 for the loan principal of RMB190,000,000, the second loan extension agreement dated 30 December 2019 for the loan principal of RMB68,000,000, the third loan extension agreement dated 11 December 2020 for the loan principal of RMB20,000,000 and the fourth loan extension agreement dated 28 June 2021 for the loan principal of RMB60,000,000 all entered into between Dong Fang Hotel as borrower and ICBC as lender (collectively, the "**ICBC Loan Agreements**", and "ICBC Loans" refers to the loans granted by ICBC to Dong Fang Hotel under the ICBC Loan Agreements); (ii) among other defendants, Hunan Jiuhua International and Ms. Qian be ordered to repay the ICBC Liabilities on the basis of Hunan Jiuhua International's and Ms. Qian's alleged joint and several liability to the ICBC Loans under the guarantee agreement dated 28 June 2021 entered into between Hunan Jiuhua International as guarantor and ICBC as lender in respect of the ICBC Loans, and the guarantee agreement dated 29 June 2021 entered into between Ms. Qian as guarantor and ICBC as lender of the ICBC Loans. The ICBC Civil Complaint was accepted by the Hunan Court and the ICBC Proceedings have been scheduled for hearing on 6 September 2022.

Hunan Jiuhua Dong Fang Hotel Co., Ltd* (湖南九華東方酒店有限公司) ("**Dong Fang Hotel**") and Hunan Jiuhua International New City Development Construction Co., Ltd* (湖南九華國際新城開發建設有限公司) ("**Hunan Jiuhua International**"), being indirect wholly-owned subsidiaries of the Company, have recently received from the People's Court of Yuhu Distrist, Xiangtan City, Hunan Province* (湖南省湘潭市雨湖區人民法院) (the "**Hunan Court**") the civil judgement (民事裁定書) (2022) Xiang 0302 Minchu No. 2878 Zhiyi* ((2022)湘 0302 民初 2878 號之一). Pursuant to the civil judgement, the Hunan Court has passed the application made by Industrial and Commercial Bank of China Limited (Xiangtan Xiangjiang Branch) ("**ICBC**") (as the Applicant) to apply for property preservation against Dong Fang Hotel, Hunan Jiuhua International and Ms. Qian Lingling, the chairman and executive director of the board of directors ("**Ms. Qian**"), and ruled to freeze the bank deposits, valued RMB56,481,508.80 of Dong Fang Hotel, Hunan Jiuhua International and Ms. Qian or seal up or distrain upon other property of equal value.

The Company is currently liasing and negotiating with the creditor for the restructing and/or extension of the relevant loan.

The outstanding loan of RMB105,410,000 as at 31 December 2022 provided by Hunan Government

The Guaranteed Building Special Loan (「保交樓專項借款」) provided by Hunan Government to support the property development under the Hunan Xiangtan Project. This could speed up the development of existing Xiangtan Project and relieve capital pressure.

The management of the Company are of the view that the main issue currently affecting its going-concern operation is the relatively large amount of debts that will be due for payment in the short period of time, coupled with the impact on its short-term cash flow caused by the COVID-19 pandemic and real estate policies implemented in Mainland China, resulting in default events of delayed or overdue payment of loan principal and interest.

However, once the project resumes normal sales, the Company will raise sufficient fund through destocking of the project to repay all existing debts and finance its normal operations. In addition, the Chengdu Project will generate stable annual revenue for the Company. Given all the above, from the long term perspective, there is no doubt regarding the Company's ability to continue as a going concern.

PROSPECTS

Being affected by several short-term factors such as the prolonged and repeated occurrence of COVID-19 pandemic, escalated geopolitical conflicts, tightening macro-economic policy environment and frequent major climate disasters, the growth rate of the global economy has significantly slowed down in 2022. Due to the negative impacts of several factors such as the stringent "Zero-COVID" pandemic control and lockdown measures and the ongoing downturn of the real estate industry, the PRC economy was also faced with unprecedented challenges in 2022. Nevertheless, with the continued optimisation and adjustment of the pandemic prevention and control measures, the PRC economy has shown strong recovery momentum, which has also boosted confidence in global economic growth.

In 2022, the real estate market in Mainland China also underwent a transition from rapid decline to gradual recovery. In 2022, due to the repeated occurrence of the pandemic across Mainland China, the development projects of many well-known real estate developers were brought to a halt. Coupled with the weakened housing demand in the medium to long term, the real estate industry was confronted with unprecedented challenges. While adhering to the key principle of "houses are for living instead of speculation", the Chinese government has proactively adjusted its real estate policies. Since November 2022, The People's Bank of China, China Securities Regulatory Commission and China Banking and Insurance Regulatory Commission have successively launched favorable policies for real estate financing and adopted a "3-pronged approach" to promote the steady development of the property market, establishing a comprehensive support system integrating credit, bonds and equity financing policies for the healthy development of the real estate enterprises.

In 2023, as the real estate industry has been reiterated as the pillar of the national economy, to ensure timely property delivery, people's livelihoods and stability will become top priorities of the real estate industry in the coming year, and therefore it is expected that greater efforts will be made to meet both the demands for residence and improved accommodations. While continuing to consolidate the real estate development business, which is the Group's core business, the Group will focus on property management, commerce management, hotel management and other areas as priorities for development. In 2023, the Group will continue to explore the real estate markets in Changsha and Xiangtan, step up the development of the existing Xiangtan Project and speed up sales pace, so as to accelerate cash collection and relieve capital pressure. In addition, on the land bank front, the Group will proactively seize opportunities to acquire lands and carry out acquisitions and mergers in the first and second-tier cities, metropolitan areas with great development potential, so as to ensure long-term sustainable development.

In order to seize the development opportunities arising from the national strategy of "emission peak and carbon neutrality", in 2023, the Group plans to explore and develop innovative green technologies such as prefabricated construction while maintaining steady development of the centralised heat supply business. Through cooperation with the leading prefabricated construction enterprises in the industry, the Group aims to introduce relevant technologies, to conduct researches, to overcome technological bottlenecks, and to apply research results to the Group's existing property development projects, with an aim of achieving a win-win situation, gaining both economic benefits and environmental benefits for the Group. Meanwhile, the Group will proactively analyse and expound the feasibility of its engagement in photovoltaic power generation, power storage and other related projects, and will also seek to form partnerships with renowned enterprises in the industry.

In 2023, driven by the combined effect of a gradual upturn in demand and policy support, the PRC economy and social development will be given a further boost, continuing to play the role of recovery stabiliser and growth engine of the global economy. As opportunities and challenges coexist, the Group will take measures to overcome challenges and capture opportunities, remain prudent and pragmatic, meanwhile actively exploring fresh concepts to strive for new development dimensions with high quality.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group's net current liabilities were approximately HK$1,328,299,000 (31 December 2021: HK$1,016,251,000), with current assets of approximately HK$2,718,229,000 (31 December 2021: HK$2,920,689,000) and current liabilities of approximately HK$4,046,528,000 (31 December 2021: HK$3,936,940,000), representing a current ratio of approximately 0.67 (31 December 2021: 0.74). As at 31 December 2022, the Group had cash and cash equivalents of approximately HK$1,119,000 (31 December 2021: HK$12,437,000).

CAPITAL STRUCTURE

As at 31 December 2022, the Group's total capital deficiency amounted to approximately HK$889,054,000 (31 December 2021: HK$373,393,000).

BORROWING AND BANKING FACILITIES AND CHARGE ON GROUP ASSETS

As at 31 December 2022, the Group's outstanding borrowings were approximately HK$1,839,132,000 (31 December 2021: HK$1,763,611,000). The Group's bank borrowings of approximately HK$62,037,000 (31 December 2021: HK$67,332,000) were secured by the Group's leasehold lands and construction in progress with a net carrying amount of approximately HK$25,752,000 (31 December 2021: HK$37,075,000) and approximately HK$216,551,000 (31 December 2021: HK$329,044,000) respectively. The Group's bank borrowings of approximately HK$282,025,000 (2021: HK$306,110,000) secured by Group's investment properties with a net carrying amount of approximately HK$172,719,000 (31 December 2021: HK$198,727,000).

The Group's borrowings from a former shareholder of approximately of HK$13,500,000 was assigned to a related party upon the execution of a deed of assignment, were unsecured. The Group's borrowing from a director of approximately of HK$7,380,000 (31 December 2021: HK$2,280,000) were unsecured.

The Group's other borrowings of approximately HK$179,376,000 (31 December 2021: HK$135,170,000) were unsecured. The Group's other borrowings of approximately HK$143,567,000 (2021: HK$143,483,000) were secured by share charge over the equity interest in Ever-Grand and certain properties for sales or under development executed by certain related parties. The Group's other borrowings of approximately of HK$285,069,000 (31 December 2021: HK$284,704,000) were secured by share charges given by Keyne Holdings Limited, the controlling shareholder of the Company and certain related parties, and equity pledges given by certain subsidiaries of the Company and certain related parties. The Group's other borrowings of approximately of HK$747,259,000 (31 December 2021: HK$811,032,000) were secured by certain properties under development, with a net carrying amount of approximately HK$1,517,323,000 (2021: HK$1,724,651,000). The Group's Guaranteed Building Special Loan by Hunan Government of approximately of HK$118,919,000 (2021: Nil).

The gearing ratio based on borrowings over total deficit as at 31 December 2022 was approximately -2.07 (31 December 2021:-4.72).

GOING CONCERN AND MITIGATION MEASURES

The Group had accumulated losses of approximately HK$3,588,835,000, the Group's current liabilities exceeded its current assets by approximately HK$1,328,299,000 and the Group's net liabilities amounted to HK$889,054,000 as at 31 December 2022. As at the same date, the Group's total borrowing amounted to approximately HK$1,839,132,000, of which current borrowing amounted to approximately HK$1,808,203,000, while its cash and cash equivalents amounted to approximately HK$1,119,000 and restricted bank deposits amounted to approximately HK$12,438,000. In addition, as at 31 December 2022, loan principal repayments of HK$1,638,876,000 relating to certain borrowings of the Group of principal amount of HK$490,673,000 were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. The Group had failed to fulfil certain financial covenants, terms and conditions as stipulated in the relevant loan agreements in aggregate of approximately HK$282,025,000. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. However, 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 include:

(i) The Group is negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future;

(ii) The Group will seek to accelerate the pre-sales of its properties under development including remaining units of property projects and saleable car parks. The properties from Xiangtan Project is expected to give further substantial sales in Yr2023. Overall, the Group expected to gradually launch a major project upon and the pre-sales permits were already obtained in Yr2021;

(iii) The Group will continue to take active measures to control administrative costs through various channels including human resources optimization and management remuneration adjustments and containment of capital expenditure; and

(iv) In light of the COVID-19 outbreak, the Group is closely monitoring the latest development and will continue to assess the impact of the epidemic, as well as any government's stimulus in response, on the Group's operations from time to time and adjust its sales and marketing strategy for its property sales to generate sufficient cashflows from its operations.

Accordingly, the Directors are satisfied that is appropriate to prepare the consolidated financial statements on a going concern basis.

Despite the above, the Group has ensured the construction progress of certain high-rise residences properties in the Xiangtan Project, which obtained the pre-sale permit as scheduled, as well as to speed up the sales of the remaining units in Xiangtan project, both of which ensured the Group to improve cashflows for Yr2022. The Group will actively implement the business plan in Yr2023, on one hand to adhere to the business plan to construct and launch sale of the property projects so as to increase the cash inflow, on the other hand to actively negotiate with financial institutions to renew and extend the bank loans and other borrowings, and to identify opportunities to obtain new borrowings so as to improve the Group's debt structure.

EXPOSURE TO FOREIGN EXCHANGE

The Group's assets and liabilities are mainly denominated in Hong Kong Dollars, United States Dollars and Renminbi. Income and expenses derived from the operations in the PRC were mainly denominated in Renminbi. There is no significant exposure to the fluctuation of foreign exchange rate, however, the Group will closely monitor the market and make appropriate adjustments and measures when necessary.

CONTINGENT LIABILITIES

Save for those disclosed in note 15 to the announcement, there were no contingent liabilities that the Group is aware of.

EMPLOYEES AND REMUNERATION POLICIES

Staff costs for the year ended 31 December 2022 was approximately HK$13,781,000 (2021: HK$18,950,000). The Group had a workforce of 42 (2021: 66). Salaries of employees were maintained at competitive levels while bonuses were granted on a discretionary basis.

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for the year ended 31 December 2022 (2021: Nil).

CORPORATE GOVERNANCE

During the year ended 31 December 2022, the Company has complied with the code provisions of Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Shares during the Year.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the "**Model Code**") set out in Appendix 10 of Rules Governing the Listing of Securities on the Stock Exchange as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the requirement set out under the Model Code throughout the year ended 31 December 2022.

AUDIT COMMITTEE

The audit committee of the Company has met with the external auditor of the Company, CL Partners CPA Limited, to review the accounting principles and practices adopted by the Group and the consolidated results of the Group for the year ended 31 December 2022, and is of the opinion that the consolidated results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made. The audit committee is composed of three independent non-executive Directors, Mr. Tang Ping Sum, Mr. Tsui Pui Hung and Mr. Neil Kai Gu. The chairman of the audit committee has professional qualifications and experience in financial matters.

SCOPE OF WORK OF CL PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, CL Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 29 March 2023. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CL Partners CPA Limited on the preliminary announcement.

EXTRACTS OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by CL Partners CPA Limited, the Group's auditor, regarding the consolidated financial statements of the Group for the year ended 31 December 2022.

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the 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 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.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT 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.keyneltd.com). 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.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication and contribution to the Group. In addition, I would like to thank all our shareholders and investors for their support and our customers for their patronage.

By order of the Board
KEYNE LTD
Zhang Li
Executive Director and Chief Executive Officer

Hong Kong, 29 March 2023

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. Neil Kai Gu.