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 2024

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 2024, with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2024

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Revenue	*5*	**455**	38,768
Cost of sales		**(1,239)**	(18,224)
Gross (loss) profit		**(784)**	20,544
Other income and gains	*5*	**7,932**	138
Impairment loss on investments in associates		**–**	(189,883)
Impairment loss on rental receivables		**(11,253)**	–
Impairment loss on construction in progress		**–**	(216,931)
Impairment loss on property, plant and equipment		**–**	(333)
Impairment loss on right-of-use assets		**–**	(20,848)
Gain (loss) on deconsolidation of subsidiaries	*15*	**860,795**	(792,265)
Administrative expenses		**(30,278)**	(22,432)
Selling and marketing expenses		**–**	(899)
Operating profit (loss)		**826,412**	(1,222,909)

* *For identification purpose only*

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Finance income	*6*	**1**	270
Finance costs	*6*	**(211,152)**	(305,159)
Finance costs – net	*6*	**(211,151)**	(304,889)
Share of results of associates		**(825)**	(5,265)
Profit (loss) before taxation	*7*	**614,436**	(1,533,063)
Income tax credit	*8*	**93**	110,695
Profit (loss) for the year attributable to owners of the Company		**614,529**	(1,422,368)
Earnings (loss) per share attributable to owners of the Company			
Basic	*10*	**HK17.22 cents**	HK(39.86) cents
Diluted	*10*	**HK17.22 cents**	HK(39.86) cents

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	HK$'000	*HK$'000*
Profit (loss) for the year attributable to owners of the Company	**614,529**	(1,422,368)
Other comprehensive (expense) income:		
Items that may be reclassified to profit or loss		
Exchange differences arising on translation of foreign operations	**(34,075)**	39,013
Share of other comprehensive expense of associates accounted for using the equity method	**(1,198)**	(199)
Other comprehensive (expense) income for the year	**(35,273)**	38,814
Total comprehensive income (expense) for the year attributable to owners of the Company	**579,256**	(1,383,554)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**–**	–
Right-of-use assets		**–**	–
Investment properties		**162,283**	167,817
Investments in associates		**–**	2,022
Deposits, prepayments and other receivables	*12*	**–**	1,286
Total non-current assets		**162,283**	171,125
Current assets			
Properties for sale or under development and other contract costs		**–**	–
Rental receivables	*11*	**–**	13,326
Deposits, prepayments and other receivables	*12*	**436**	32,376
Tax recoverable		**–**	15,506
Restricted bank deposits		**–**	11
Cash and cash equivalents		**95**	76
Total current assets		**531**	61,295
LIABILITIES			
Current liabilities			
Trade payables	*13*	**–**	110,272
Other payables, accruals and deposits received		**919,587**	871,322
Lease liabilities		**–**	3,254
Contract liabilities		**64**	–
Amount due to an associate		**8,772**	8,772
Borrowings	*14*	**879,885**	1,462,965
Total current liabilities		**1,808,308**	2,456,585
Net current liabilities		**(1,807,777)**	(2,395,290)
Total assets less current liabilities		**(1,645,494)**	(2,224,165)

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Non-current liabilities			
Deposits received		**2,576**	2,576
Lease liabilities		**–**	491
Borrowings	*14*	**12,865**	12,865
Deferred tax liabilities		**32,417**	32,511
Total non-current liabilities		**47,858**	48,443
Net liabilities		**(1,693,352)**	(2,272,608)
EQUITY			
Equity attributable to owners of the Company			
Issued share capital		**35,688**	35,688
Reserves		**(1,729,040)**	(2,308,296)
Total deficit		**(1,693,352)**	(2,272,608)

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 Flat A-B, 11/F, Wah Lik Industrial Centre, 459-469 Castle Peak Road, Tsuen Wan, Hong Kong.

The Company's ultimate holding company is KEYNE HOLDINGS LTD ("**KEYNE HOLDINGS**"), a company incorporated in the Cayman Islands. In the opinion of the directors of the Company, the Company's ultimate controlling shareholder is Mr. Zhu Boheng.

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 HKFRS Accounting Standards 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 ("**Listing Rules**") 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 and services.

Suspension of trading in shares of the Company

On 14 August 2023, a judgement was handed down by the Intermediate People's Court of Xiangtan, Hunan Province ("**Hunan Court**") of the PRC whereby it was stated that an application of the bankruptcy restructuring ("**Restructuring**") of Hunan Jiuhua International New City Development Construction Company Limited ("**Hunan Jiuhua International**") was accepted.

As additional time was required by the auditor of the Company to finalize their audit procedures in respect of the annual results for the year ended 31 December 2023 (the "**2023 Annual Results**"), the Company was unable to announce its 2023 Annual Results by the deadline prescribed by the Listing Rules. The trading of the Company's shares on the Stock Exchange was suspended with effect from 2 April 2024 (the "**Suspension**"). Later on, the Company also published an announcement on the Stock Exchange for the delay of the publication of the annual results for the year ended 31 December 2024.

On 19 September 2025, the Company has submitted a resumption proposal to the Stock Exchange.

The Group has continued its business, particularly in relation to its property management segment including entering into and negotiating new contracts.

Following the appointment of Mr. Yu Chao as an executive director on 30 April 2024, the Board has taken steps to stabilize operations of the Group and improve the liquidity of the Group, as well as to develop and implement a restructuring plan of the indebtedness of the Group, including (i) reducing cash outflows through staff redundancy and other cost cutting measures, reducing capital expenditure, and winding down non-core businesses; (ii) deconsolidation of Hunan Jiuhua International and Hunan Jiuhua Dong Fang Hotel Company Limited ("**Dong Fang Hotel**"); (iii) discussing with its potential investors and professional advisors to explore and consider various options available to the Company in formulating a viable resumption proposal to satisfy the requirements under the resumption guidance issued by the Stock Exchange and to advance the resumption progress.

The Group will continue to review its existing businesses and its financial position from time to time and is committed to improving the existing business operations to remedy the issues causing its Suspension and to fully comply with the Listing Rules.

As at the date of this announcement, the Company is still preparing the financial information for publication of the interim results for the six months ended 30 June 2025.

2.2 Going concern basis

As at 31 December 2024, the Group had accumulated losses of approximately HK$4,396,674,000 (2023: HK$5,011,203,000), the Group's current liabilities exceeded its current assets by approximately HK$1,807,777,000 (2023: HK$2,395,290,000) and the Group's net liabilities amounted to approximately HK$1,693,352,000 (2023: HK$2,272,608,000). As at the same date, the Group's total borrowings amounted to approximately HK$892,750,000 (2023: HK$1,475,830,000), of which current borrowings amounted to approximately HK$879,885,000 (2023: HK$1,462,965,000), while its cash and cash equivalents amounted to approximately HK$95,000 (2023: HK$76,000), and restricted bank deposits amounted to approximately HK$nil (2023: HK$11,000).

As at 31 December 2024, certain borrowings whose principal amounts of approximately HK$599,722,000 and interest payable amounts of approximately HK$696,673,000, relating to borrowings with a total principal and interest payable amounts of approximately HK$1,296,395,000 ("**Overdue Borrowings**") were overdue. The aggregate principal amount of the aforementioned borrowings of approximately HK$862,544,000 would be immediately repayable if requested by the lenders.

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 addition, on 20 May 2025, the Company received a winding-up petition (the "**First Petition**") against the Company, which was presented to the High Court of Hong Kong by an independent third party as landlord in respect of an unsettled debt of approximately HK$3,947,000 under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The First Petition is scheduled to be heard on 15 October 2025 at the High Court of Hong Kong.

On 16 September 2025, the Company became aware of a civil complaint filed by China Huarong Asset Management Co., Ltd. (now known as China CITIC Financial Asset Management Co., Ltd.) ("**China Huarong**"), at the Shenzhen Intermediate People's Court. This legal action concerns a debt (including outstanding loan principal, accrued interests and default interests) owed by the Company to China Huarong International Holdings Limited (now known as China CITIC Financial AMC International Holdings Limited) ("**CHIH**"), being a subsidiary of China Huarong, under the facility agreement and other supplemental and incidental agreements entered thereunder. In the complaint, the defendants include certain subsidiaries of the Company, namely Brilliant Field Corporation Limited, and Profit Source International Limited as well as Keyne Holdings Ltd, Ms. Qian Ling Ling, Mr. Peter Zhu, Mr. Zhu Boheng and Huaian Jinrun Real Estate Co., Ltd.* (淮安金潤置業有限公司).

In view of such circumstances, the Directors of the Company 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 and plans 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 has taken measures to tighten cost controls over expenses with the aim of attaining profitable and positive cash flow operations;

(ii) The Group consider to dispose of non-core businesses and/or financial assets;

(iii) The Group consider to expand revenue stream in order to improve the profitability of the Group;

(iv) The Group has been working closely with its legal and financial advisors to formulate a viable restructuring plan aimed at addressing current liquidity constraints, enhancing the credit profile of the Group and protecting the interests of all stakeholders; and

(v) The Group is actively looking for other sources of financing including any possible form of debt or equity financing to enhance the capital structure and reduce the overall financing expenses.

In the opinion of the Directors of the Company, in light of the various measures or arrangements implemented after the end of reporting period, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the Directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties may exist as to whether the Group will be able to continue as a going concern and it will heavily depend upon the Group's ability to successfully and timely implement the above-mentioned strategies. Any deviation of the results from the implementation of those strategies may significantly affect the going concern assumption of the Group.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards 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 HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

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

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

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.

The executive directors of the Company are the Group's chief operating decision-makers ("**CODM**"). The executive directors of the Company assess the performance of the operating segment based on revenue generated. Information reported to the executive directors of the Company, for the purposes of resource allocation and assessment focuses on revenue analysis by geographic location of customers.

CODM 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 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 2024

	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	455	–	–	455
Total revenue	455	–	–	455
Segment results	(28,228)	860,795	(825)	831,742
Unallocated corporate expenses				(6,155)
Finance income				1
Finance costs				(211,152)
Profit before taxation				614,436
Income tax credit				93
Profit for the year				614,529

As at 31 December 2024

	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	162,560	–	–	254	162,814
Investments in associates	–	–	–	–	–
Segment liabilities	443,181	–	–	1,412,985	1,856,166
Other segment information:					
Impairment loss on rental receivables	11,253	–	–	–	11,253
Share of results of associates	–	–	825	–	825
Gain on deconsolidation of a subsidiary	–	(860,795)	–	–	(860,795)

Year ended 31 December 2023

	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	–	21,165	–	21,165
Rental income under operating lease	17,603	–	–	17,603
Total revenue	17,603	21,165	–	38,768
Segment results	7,363	(1,023,525)	(195,148)	(1,211,310)
Unallocated corporate expenses				(16,864)
Finance income				270
Finance costs				(305,159)
Loss before taxation				(1,533,063)
Income tax credit				110,695
Loss for the year				(1,422,368)

As at 31 December 2023

	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	181,756	32,094	–	16,548	230,398
Investments in associates	–	–	2,022	–	2,022
Segment liabilities	417,973	681,190	–	1,405,865	2,505,028
Other segment information:					
Capital expenditure					
– Owned assets	–	7,871	–	–	7,871
Depreciation					
– Owned assets	73	16	–	15	104
– Right-of-use assets	–	–	–	3,153	3,153
Impairment loss on investments in associates	–	–	189,883	–	189,883
Impairment loss on construction in progress	–	216,931	–	–	216,931
Share of results of associates	–	–	5,265	–	5,265
Impairment loss on right-of-use assets	–	17,244	–	3,604	20,848
Impairment loss on property, plant and equipment	333	–	–	–	333
Loss on deconsolidation of a subsidiary	–	792,265	–	–	792,265

a) **Geographical information**

2024

	Hong Kong	**Mainland China**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue	**–**	**455**	**455**
Non-current assets (other than financial instruments)	**–**	**162,283**	**162,283**

2023

	Hong Kong	Mainland China	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue	–	38,768	38,768
Non-current assets (other than financial instruments)	1,286	169,839	171,125
Capital expenditure	–	7,871	7,871

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:

	2024	2023
	HK$'000	*HK$'000*
Customer A	**N/A[1]**	11,783
Customer B	**119**	N/A[1]
Customer C	**104**	N/A[1]
Customer D	**69**	N/A[1]

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.

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sales of properties	**–**	21,165
Revenue from other sources		
Property rental income	**455**	17,603
	455	38,768
Other income and gains		
Compensation for breach of contract by a tenant	**6,500**	–
Gain on derecognition of lease liabilities	**1,432**	–
Others	**–**	138
	7,932	138

6. FINANCE COSTS – NET

	2024	2023
	HK$'000	*HK$'000*
Finance costs:		
Interest on bank borrowings	**28,866**	51,653
Interest on other borrowings	**186,288**	248,477
Interest on lease liabilities	**186**	480
Foreign exchange difference, net	**(4,188)**	4,549
Total finance costs	**211,152**	305,159
Finance income:		
Interest income on short-term bank deposits	**(1)**	(161)
Interest income from rental deposits	**–**	(109)
Total finance income	**(1)**	(270)
Finance costs – net	**211,151**	304,889

7. PROFIT (LOSS) BEFORE TAXATION

	2024	2023
	HK$'000	*HK$'000*
Profit (loss) before taxation has been arrived at after charging:		
Directors' remuneration	**2,784**	2,832
Other staff costs:		
Wages and salaries	**3,557**	7,756
Retirement benefit schemes contributions	**237**	445
Total staff costs	**6,578**	11,033
Depreciation of property, plant and equipment	**–**	104
Depreciation of right-of-use assets	**–**	3,153
Total depreciation	**–**	3,257
Auditor's remuneration	**1,400**	1,500
Short-term lease payment	**–**	92
Cost of inventories recognized as expenses	**–**	15,714
and after crediting:		
Gross rental income from investment properties	**455**	17,603
Less: Direct operating expenses of investment properties that generated rental income during the year	**(1,239)**	(2,510)
	(784)	15,093

8. INCOME TAX CREDIT

	2024	2023
	HK$'000	*HK$'000*
Deferred tax	**(93)**	(110,695)
Total income tax credit	**(93)**	(110,695)

9. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS (LOSS) PER SHARE

(a) Basic earnings (loss) per share

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

	2024	2023
	HK$'000	*HK$'000*
Profit (loss) for the year attributable to owners of the Company	**614,529**	(1,422,368)

Number of shares (in thousand)	**2024**	2023
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**3,568,791**	3,568,791

	2024	2023
Earnings (loss) per share attributable to owners of the Company		
Basic	**HK17.22 cents**	HK(39.86) cents

(b) Diluted earnings (loss) per share

Diluted earnings (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 2024 and 2023, the Company had one category of dilutive potential ordinary shares, being the share options.

The computation of diluted earnings per share for the year ended 31 December 2024 does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of the Company's shares.

The computation of diluted loss per share for the year ended 31 December 2023 does not assume the exercise of the Company's share options because the exercise price of those share options would result in a decrease in loss per share.

11. RENTAL RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Rental receivables	**18,315**	20,628
Less: ECL allowance	**(18,315)**	(7,302)
Rental receivables – net	**–**	13,326

The carrying amounts of rental receivables approximate their fair values.

The aging analysis of gross rental receivables based on invoice date is as follows:

	2024	2023
	HK$'000	*HK$'000*
0 – 90 days	**–**	6,634
91 – 180 days	**–**	5,434
181 – 365 days	**–**	8,560
Over 1 year	**18,315**	–
	18,315	20,628

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

	2024	2023
	HK$'000	*HK$'000*
At 1 January	**7,302**	7,515
Impairment loss on rental receivables	**11,253**	–
Exchange realignment	**(240)**	(213)
At 31 December	**18,315**	7,302

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Other prepayments	**54**	16,224
Other receivables	**136**	15,979
Utility and other deposits	**246**	1,459
	436	33,662
Less: Current portion	**(436)**	(32,376)
Non-current portion	**–**	1,286

13. TRADE PAYABLES

At 31 December 2024 and 2023, the aging analysis of the trade payables, based on the invoice date, is as follows:

	2024	2023
	HK$'000	*HK$'000*
0 – 90 days	**–**	–
91 – 180 days	**–**	419
181 – 365 days	**–**	1,014
Over 1 year	**–**	108,839
	–	110,272

14. BORROWINGS

	Maturity	2024	2023
		HK$'000	*HK$'000*
Current liabilities			
Bank borrowings – secured *(note i)*	June 2022	–	60,282
Bank borrowings – secured *(note ii)*	On demand	**163,485**	271,079
Other borrowings – secured *(note iii)*	December 2022	**293,479**	295,256
Other borrowings – secured *(note iv)*	November and December 2020	**142,758**	143,622
Other borrowings – secured *(note v)*	December 2023	–	412,300
Borrowings from a related party – unsecured *(note vi)*	On demand	**262,822**	263,085
Borrowings from a related party – unsecured *(note vii)*	December 2025	**3,841**	3,841
Borrowings from a related party – unsecured *(note ix)*	December 2025	**13,500**	13,500
		879,885	1,462,965
Non-current liabilities			
Borrowings from a related party – unsecured *(note viii)*	December 2026	**5,485**	5,485
Borrowings from a director – unsecured *(note x)*	December 2026	**7,380**	7,380
		12,865	12,865
		892,750	1,475,830

The Group's borrowings are repayable as follows:

	2024	2023
	HK$'000	*HK$'000*
Within one year or on demand	**879,885**	1,462,965
Within a period of more than one year but not exceeding two years	**12,865**	–
Within a period of more than two years but not exceeding five years	**–**	12,865
	892,750	1,475,830

Notes:

(i) At 31 December 2024, the Group's bank borrowings of HK$nil (2023: approximately HK$60,282,000) is repayable by June 2022 (2023: June 2022), were interest bearing per annum at the benchmark interest rate determined by the People's Bank of China for loans over 5 years at 31 December 2023 (2024: nil) granted by financial institutions. At 31 December 2024, principal amount of HK$nil (2023: HK$60,282,000) were overdue.

At 31 December 2023, 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$nil and HK$nil 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); and

(c) 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 2024, the Group's bank borrowings of approximately HK$163,485,000 (2023: HK$217,079,000) is repayable on demand (2023: same), were interest bearing at 9.5% per annum and penalty interest at 14.5% per annum (2023: same). At 31 December 2024, principal amount of approximately HK$163,485,000 were failed to fulfill certain financial covenants, terms and conditions.

At 31 December 2024 and 2023, the bank borrowings were secured and guaranteed by:

(a) the Group's investment properties with a net carrying amount of approximately HK$162,283,000 (2023: HK$167,817,000);

(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) a corporate guarantee executed by the Company.

(iii) At 31 December 2024, the Group's other borrowings of approximately HK$293,479,000 (2023: HK$295,256,000) were interest bearing at 9% per annum and penalty interest at 9% per annum (2023: same) and repayable by installments from March 2022 to December 2022 (2023: repayable by installments from March 2022 to December 2022). At 31 December 2024, principal amount of HK$293,479,000 (2023: HK$295,256,000) were overdue.

At 31 December 2024 and 2023, 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 (2023: 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 2024, the Group's other borrowings from a financial institution of approximately HK$142,758,000 (2023: HK$143,622,000) were secured and guaranteed, interest bearing at bank best lending rate and penalty interest bearing at 22.5% (2023: 22.5%) and were repayable in November and December 2020 (2023: repayable in November and December 2020). At 31 December 2024, principal amount of approximately HK$142,758,000 (2023: HK$143,622,000) were overdue.

At 31 December 2024 and 2023, 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 2024, the Group's other borrowings from a financial institution of HK$nil (2023: approximately HK$412,300,000) in total with extended maturity date in December 2023, were interest bearing at 12% per annum (2023: same) and will be repayable by installments.

At 31 December 2023, the other borrowings were secured and guaranteed by:

(a) certain properties under development, with a net carrying amount of approximately HK$nil;

(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); and

(d) the Group's leasehold lands (second priority charge) and construction in progress (second priority charge) with a net carrying amount of HK$nil and HK$nil respectively.

(vi) At 31 December 2024 and 2023, the Group's borrowings from related parties were interest-free, unsecured and repayable on demand.

(vii) At 31 December 2024 and 2023, the Group's borrowings from a related party were interest-free, unsecured and repayable on or before 31 December 2025 (2023: 31 December 2024).

(viii) At 31 December 2024 and 2023, the Group's borrowings from a related party were interest bearing at 5% per annum (2023: 5% per annum), unsecured and repayable in 2026 (2023: 2026).

(ix) At 31 December 2024 and 2023, the Group's borrowings from a related party were repayable in December 2025 (2023: December 2024), unsecured and interest-free, and was assigned from a former shareholder, executed by a deed of loan assignment.

(x) At 31 December 2024 and 2023, the Group's borrowings from a director were interest bearing at 5% per annum, unsecured and repayable by installments in 2026 (2023: 2026).

* *For identification purpose only*

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2024	2023
	HK$'000	*HK$'000*
HK$	**285,728**	285,205
Renminbi ("**RMB**")	**170,785**	751,747
United States dollar ("**US$**")	**436,237**	438,878
	892,750	1,475,830

15. DECONSOLIDATION OF SUBSIDIARIES

On 25 October 2024, the Hunan Court ruling to accept Dong Fang Hotel filed for bankruptcy proceedings. On 8 November 2024, Hunan Renheren Law Firm (湖南人和人律師事務所) (the "**Administrator**") was appointed for a subsidiary of the Group, Dong Fang Hotel in the PRC, which was engaged in property and hotel development in the PRC. The Directors of the Company considered that the control over the Dong Fang Hotel had been lost as at 8 November 2024. Since then, the Directors of the Company neither had control over the operating and financial activities, nor any access to the underlying accounting books and records of Dong Fang Hotel. Due to the lack of control and unavailability of these financial records of Dong Fang Hotel, the Directors of the Company considered to deconsolidate the results, assets, liabilities and cash flows of Dong Fang Hotel. The net liabilities of Dong Fang Hotel as at 8 November 2024 was as follows:

	HK$'000
Deposits, prepayments and other receivables	**28,164**
Cash and cash equivalents	**11**
Tax recoverable	**154**
Trade and other payables	**(395,414)**
Borrowings	**(468,632)**
Net liabilities at deconsolidation	**(835,717)**
Released from exchange reserve	**(25,078)**
Gain on deconsolidation of a subsidiary	**(860,795)**

An analysis of the net outflow of cash and cash equivalents in respect of the deconsolidation of Dong Fang Hotel are as follows:

	HK$'000
Bank balance and cash	**(11)**

16. 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 Group 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 a subsidiary of the Group, 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 subsidiary 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 subsidiary, 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 probable that a claim will be made against the Group regarding the penalty mentioned above.

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

At 31 December 2024 and 2023, the subsidiary and the third party 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 2025 (2023: on or before 31 December 2024) by one single or multiple payment.

(ii) Pending litigation

(a) During the year ended 31 December 2022, the Nanjing Jianye District People's Court (the "**Nanjing Court**") ordered Chengdu Zhongfa Yellow River Industry Co., Ltd ("**Chengdu Zhongfa**") 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 ("**Chengdu Shopping Mall**") by way of auction through the website of Taobao. On 2 September 2024, the Nanjing Court had disposed of the guaranteed property of a director of the Company as settlement of the ZCCB loan amounted to approximately HK$98,656,000. On 18 February 2025, the Nanjing Court ordered the transfer of the Chengdu Shopping Mall to ZCCB as settlement of the outstanding debt.

(b) During the year ended 31 December 2022, the People's Court of Yuhu District, Xiangtan City, Hunan Province (the "**Xiangtan Court**") ordered Dong Fang Hotel and Hunan Jiuhua International, that (i) Dong Fang Hotel be ordered 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 International and Ms. Qian Ling Ling be ordered to repay the ICBC Liabilities on the basis of Hunan Jiuhua International 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 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 Ling Ling as guarantor and ICBC as lender of the ICBC Loans. The above litigation was accepted by the Xiangtan Court and have been scheduled for hearing on 6 September 2022. Furthermore, Dong Fang Hotel and Hunan Jiuhua International have recently received the civil judgement from the Xiangtan Court. Pursuant to the civil judgement, the Xiangtan Court has passed the application made by ICBC to apply for property preservation against Dong Fang Hotel, Hunan Jiuhua International and Ms. Qian Ling Ling, the chairman and executive director of the board of directors, and ruled to freeze the bank deposits, of Dong Fang Hotel, Hunan Jiuhua International and Ms. Qian Ling Ling or seal up or distrain upon other property of equal value. Up to the date of this announcement, the Group has lost its control on Hunan Jiuhua International and Dong Fang Hotel on 18 August 2023 and 8 November 2024 respectively.

(c) The Hunan Court issued (2024) 湘03破申26號 on 25 October 2024, ruling to accept Dong Fang Hotel filed for bankruptcy proceedings. The Administrator was appointed as the administrator by the Hunan Court issued (2024) 湘03破申16-1號 on 8 November 2024. The Board is of the opinion that, by filing the application with the Hunan Court and, if subsequently consents by the Hunan Court, there would a platform for Dong Fang Hotel to restructure its existing indebtedness with the creditors. The Hunan court held the first creditors meeting on 25 February 2025. Up to the date of this announcement, the Group has lost its control on Dong Fang Hotel on 8 November 2024.

Except as above, the Group has no material contingent liabilities as at 31 December 2024 and 2023.

17. EVENTS AFTER THE REPORTING PERIOD

(a) On 18 February 2025, the Nanjing Court ordered the transfer of the Chengdu Shopping Mall to ZCCB as settlement of the outstanding debt.

(b) On 20 May 2025, the Company received the First Petition against the Company, which was presented to the High Court of Hong Kong by an independent third party as landlord in respect of an unsettled debt of approximately HK$3,947,000 under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The First Petition is scheduled to be heard on 15 October 2025 at the High Court of Hong Kong. Up to the date of this announcement, the litigation is still in progress.

(c) On 18 June 2025, the Company received a winding-up petition (the "**Second Petition**"), which was filed by an ex-employee of the Group at the High Court of the Hong Kong Special Administrative Region against Mandarin Films Limited, a subsidiary of the Company, in relation to outstanding salaries. On 3 September 2025, the petitioner and the Company executed and filed a consent summons with the High Court to withdraw the Second Petition.

(d) On 11 July 2025, 17 August 2025 and 20 August 2025, the Company and the Purchasers entered into the disposal framework agreements with each of Purchaser A or Purchaser B, pursuant to which in principle, the Company agreed to sell and the Purchaser A or Purchaser B agreed to purchase (i) Sino Step Inc. which is intermediate holding company of Chengdu Zhongfa at RMB1; (ii) Vast Build Limited which is immediate holding company of Ever-Grand at RMB1 and (iii) Cheung Wo (Hunan) Property Limited at RMB1 respectively.

(e) On 16 September 2025, the Company became aware of a civil complaint filed by China Huarong, at the Shenzhen Intermediate People's Court. This legal action concerns a debt (including outstanding loan principal, accrued interests and default interests) owed by the Company to CHIH, being a subsidiary of China Huarong, under the facility agreement and other supplemental and incidental agreements entered thereunder. In the complaint, the defendants include certain subsidiaries of the Company, namely Brilliant Field Corporation Limited, and Profit Source International Limited as well as Keyne Holdings Ltd, Ms. Qian Ling Ling, Mr. Peter Zhu, Mr. Zhu Boheng and Huaian Jinrun Real Estate Co., Ltd.* (淮安金潤置業有限公司).

EXTRACTS OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024 which has included a disclaimer of opinion.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of KEYNE LTD (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for 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.

BASIS FOR DISCLAIMER OF OPINION

(1) Limitation of scope on accounting books and records of subsidiaries which had been deconsolidated

(a) Dong Fang Hotel

As disclosed in the notes to the consolidated financial statements, the Hunan Court ruling to accept Dong Fang Hotel filed for bankruptcy proceedings on 25 October 2024. On 8 November 2024, the Administrator was appointed for Dong Fang Hotel. The Administrator is empowered to, inter alia, preserve the assets of Dong Fang Hotel, the Group had ceased its control of Dong Fang Hotel on 8 November 2024. There is a gain on deconsolidation amounted to approximately HK$860,795,000 of Dong Fang Hotel presented in the Group's consolidated statement of profit or loss for the year ended 31 December 2024.

The Group considered that it had been unable to have access to the complete set of books and records and the supporting documents of Dong Fang Hotel since 8 November 2024 for the purposes of, among others, preparing the Group's consolidated financial statements. The Group neither had control over the operating and financial activities, nor any access to the underlying accounting books and records of Dong Fang Hotel. As a result, the Directors were of the opinion that the Group was unable to direct the relevant activities of Dong Fang Hotel, and that the control over Dong Fang Hotel was lost, since 8 November 2024. Hence, the Group had deconsolidated the financial results, cash flows, assets and liabilities of Dong Fang Hotel from the consolidated financial statements of the Group since 8 November 2024.

As a result of the above matters, we have not been able to obtain sufficient appropriate audit evidence to ascertain whether the income and expenses for the years ended 31 December 2024 (including the gain on deconsolidation amounted to approximately HK$860,795,000) and 2023 and the assets and liabilities as at 31 December 2023 and the deconsolidation date and other related disclosure notes in relation to Dong Fang Hotel included in the consolidated financial statements of the Group have been accurately recorded and properly accounted for in the consolidated financial statements. There were no alternative audit procedures that we could perform to obtain sufficient and appropriate evidence as to the financial effects arising from the limitation and the authenticity of accounting records and date of deconsolidation of Dong Fang Hotel, including but not limited to its books and records, other information and explanations from management of Dong Fang Hotel. Accordingly, we were unable to determine whether any adjustment might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years ended 31 December 2024 and 2023.

(b) Hunan Jiuhua International

As disclosed in the notes to the financial statements, on 9 August 2023, the Group's indirectly wholly-owned subsidiary, Hunan Jiuhua International initiated and was prepared to file the application for judicial reorganisation (the "**Application**") with the Hunan Court. The board of the Directors of the Company is of the opinion that, by filing the Application with the Hunan Court and, if subsequently consents by the Hunan Court, there would a platform for Hunan Jiuhua International to restructure its existing indebtedness with the creditors. On 18 August 2023, the Hunan Court issued a ruling accepting the bankruptcy restructuring application and an administrator was appointed for Hunan Jiuhua International. The Administrator is empowered to, inter alia, preserve the assets of Hunan Jiuhua International, the Group had ceased its control of Hunan Jiuhua International on 18 August 2023. There is a loss on deconsolidation amounted to approximately HK$792,265,000 of Hunan Jiuhua International presented in the Group's consolidated statement of profit or loss for the year ended 31 December 2023.

The Group considered that it had been unable to have access to the complete set of books and records and the supporting documents of Hunan Jiuhua International since 18 August 2023 for the purposes of, among others, preparing the Group's consolidated financial statements. The Group neither had control over the operating and financial activities, nor any access to the underlying accounting books and records of Hunan Jiuhua International. As a result, the directors were of the opinion that the Group was unable to direct the relevant activities of Hunan Jiuhua International, and that the control over Hunan Jiuhua International was lost, since 18 August 2023. Hence, the Group had deconsolidated the financial results, cash flows, assets and liabilities of Hunan Jiuhua International from the consolidated financial statements of the Group since 18 August 2023.

As a result of the above matters, we have not been able to obtain sufficient appropriate audit evidence to enable us to ascertain whether the income and expenses for the year ended 31 December 2023 (including the loss on deconsolidation amounted to approximately HK$792,265,000) and the assets and liabilities as at the deconsolidation date and other related disclosure notes of Hunan Jiuhua International in the consolidated financial statements of the Group have been accurately recorded and properly accounted for in the consolidated financial statements. There were no alternative audit procedures that we could perform to obtain sufficient and appropriate evidence as to the financial effects arising from the limitation and the authenticity of accounting records and date of deconsolidation of Hunan Jiuhua International, including but not limited to its books and records, other information and explanations from management of Hunan Jiuhua International. Any adjustments found to be required in respect of these matters might have consequential significant effects on the consolidated financial statements of the Group and related disclosures in the consolidated financial statements for the year ended 31 December 2023.

As described in the preceding paragraphs, the consolidated financial statements of the Group have been prepared based on incomplete books and records. Consequently, the Directors of the Company were unable to confirm that the consolidated financial statements comply with HKFRS Accounting Standards or the disclosure requirements of the Hong Kong Companies Ordinance. Given these circumstances, there were no practicable audit procedures that we could perform to quantify the extent of adjustments that might be necessary in respect of the Group's consolidated financial statements.

(2) Limitation of scope on accounting books and records of a subsidiary

Chengdu Zhongfa

As disclosed in the notes to the consolidated financial statements, the Group advised that since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of Chengdu Zhongfa in 2024, who the Group were unable to contact after their departure, the Company has retained the basic business records of Chengdu Zhongfa, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentation (collectively referred to as the "**Basic Records**"), that were left behind by the former management and accounting departments of Chengdu Zhongfa as far as possible. The Basic Records were not considered to be of a sufficient level for our audit purposes. More specific business records and supporting explanations of Chengdu Zhongfa's accounting records were needed for our audit, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; (ii) detailed explanation of the accounting entries made (collectively, the "**Specific Records**").

In the absence of the Specific Records of Chengdu Zhongfa following the departure of certain former key management personnel in 2024, the Group considered that they could only use their best endeavor to preserve the books and records that were left behind by the former management and the accounting department and they were unable to determine whether these Specific Records were complete in the first place, and they had no other access to such Specific Records despite they have taken all reasonable steps and have used their best endeavor to locate such Specific Records.

In addition, as disclosed in the notes to the consolidated financial statements, Chengdu Zhongfa holds investment properties amounted to approximately HK$162,283,000 and HK$167,817,000 as at 31 December 2024 and 2023 respectively. During the course of our audit, we noted that the investment properties were seized by the Nanjing Court in relation to a loan dispute with a financial institution. The directors of the Company inquired of the management in relation to the seizure of investment properties and the loan dispute, including the court orders, the reason and the latest development of the seizure of the investment properties and the loan dispute, but they are still not able to obtain all relevant information. Because the information and reason about the Nanjing Court's seizure of the investment properties and the loan dispute are not available to us, we are unable to assess the likely outcome and the financial impact associated with the seizure of the investment properties, and to assess as to whether any adjustments related to the understatement of fair value changes in investment properties are required to be made by the Group.

As a result of the above matters, we have not been able to obtain sufficient appropriate audit evidence to ascertain whether the income and expenses for the year ended 31 December 2024 and the assets and liabilities as at 31 December 2024 and other related disclosure notes in relation to Chengdu Zhongfa and fair value changes on investment properties for the years ended 31 December 2024 and 2023, and the investment properties as at 31 December 2024 and 2023 and related disclosure notes in relation to investment properties of Chengdu Zhongfa, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements. Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of financial position as at 31 December 2024 and 2023 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years ended 31 December 2024 and 2023.

As described in the preceding paragraphs, the consolidated financial statements of the Group have been prepared based on incomplete books and records. Consequently, the directors of the Company were unable to confirm that the consolidated financial statements comply with HKFRS Accounting Standards or the disclosure requirements of the Hong Kong Companies Ordinance. Given these circumstances, which are more fully described in the notes to the consolidated financial statements, there were no practicable audit procedures that we could perform to quantify the extent of adjustments that might be necessary in respect of the Group's consolidated financial statements.

(3) Scope limitation relating to going concern basis for the preparation of the consolidated financial statements

As described in the notes to the consolidated financial statements, the Group had accumulated losses of approximately HK$4,396,674,000, current liabilities exceeded its current assets by approximately HK$1,807,777,000 and net liabilities amounted to approximately HK$1,693,352,000 as at 31 December 2024. As at the same date, the Group's total borrowings amounted to approximately HK$892,750,000, of which current borrowings amounted to approximately HK$879,885,000, while its cash and cash equivalents amounted to approximately HK$95,000. In addition, as at 31 December 2024, the Group was in default in respect of principal amount of borrowings totaling approximately HK$599,722,000 due to the events of default of late or overdue payment of loan principal and interest during the year ended or as at 31 December 2024. These conditions, together with other matters described in the notes 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.

In addition, on 20 May 2025, the Company received the First Petition against the Company, which was presented to the High Court of Hong Kong by an independent third party as landlord in respect of an unsettled debt of approximately HK$3,947,000 under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The First Petition is scheduled to be heard on 15 October 2025 at the High Court of Hong Kong.

On 16 September 2025, the Company became aware of a civil complaint filed by China Huarong, at the Shenzhen Intermediate People's Court. This legal action concerns a debt (including outstanding loan principal, accrued interests and default interests) owed by the Company to CHIH, being a subsidiary of China Huarong, under the facility agreement and other supplemental and incidental agreements entered thereunder. In the complaint, the defendants include certain subsidiaries of the Company, namely Brilliant Field Corporation Limited, and Profit Source International Limited as well as Keyne Holdings Ltd, Ms. Qian Ling Ling, Mr. Peter Zhu, Mr. Zhu Boheng and Huaian Jinrun Real Estate Co., Ltd.* (淮安金潤置業有限公司).

These conditions indicate the existence of a material uncertainty that might cast significant doubt about the Group's ability to continue as going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. In view of such circumstances, the Directors of the Company have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay the outstanding borrowings and be able to finance its future working capital and finance requirements. Certain measures have been and will be taken by the Group to manage its liquidity need and to improve its financial position which include, but are not limited to, the following:

1. The Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flow operations;

2. The Group consider to dispose of non-core businesses and/or financial assets;

3. The Group consider to expand revenue stream in order to improve the profitability of the Group;

4. The Group has been working closely with its legal and financial advisors to formulate a viable restructuring plan aimed at addressing current liquidity constraints, enhancing the credit profile of the Group and protecting the interests of all stakeholders; and

5. The Group is actively looking for other sources of financing including any possible from of debt or equity financing to enhance the capital structure and reduce the overall financing expenses.

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 might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, or to recognise a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements.

Given the execution of the above plans and measures by the Group are in progress and no written contractual agreements are available to the Group as at the date of the approval for issuance of the consolidated financial statements with details as set out in notes to the consolidated financial statements, and in view of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements, we are unable to obtain sufficient appropriate audit evidence to provide a basis for an opinion as to whether the going concern basis of preparation of the consolidated financial statements of the Group is appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the global economy experienced an overall slowdown in growth with persistent divergence, while domestic economic restructuring continued to deepen. The real estate market accelerated its transformation with the support of a comprehensive policy package, while the property management industry entered into a new competitive landscape that prioritizes service quality and operational efficiency, driving high-quality development across the sector. Aligning with industry trends, the Group adhered to a high-quality development strategy by optimizing service models, comprehensively enhancing service standards, and further improving operational efficiency to deliver high-quality services commensurate with the price for property owners. During the year, the Group prioritized financial health and operational quality, thereby enhancing risk resilience.

Meanwhile, the Group intensively cultivated its core business and diversed businesses to consolidate our business fundamentals and sustain developmental resilience. Furthermore, the Group actively fulfilled social responsibilities by participating in community-level governance initiatives and embracing green development practices and partnered with stakeholders to create shared value, striving for long-term sustainable development across environmental, social, and corporate dimensions.

For the year ended 31 December 2024, the Group focused on (i) property rental (the "**Chengdu Project**") in Chengdu, Sichuan Province and (ii) investment in centralised heat supply business.

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2024, property rental income dropped to approximately HK$455,000 (2023: HK$17,603,000) to the total revenue because of the forced termination of tenancies in early 2024 pursuant to court order. There is no income from sales of properties (2023: HK$21,165,000) to the total revenue because area of detached villas will be finished construction by mid of Yr2024.

Profit/(loss) attributable to owners of the Company was approximately HK$614,529,000 (2023: HK$1,422,368,000). Basic profit/(loss) per share was approximately HK$17.22 cents (2023: HK$(39.86) cents). The Board does not recommend dividend payout for the year ended 31 December 2024 (2023: nil). As at 31 December 2024, cash and cash equivalents were approximately HK$95,000 (31 December 2023: HK$76,000).

BUSINESS REVIEW

(i) Chengdu Project

For the year ended 31 December 2024, 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$455,000 (2023: HK$17,603,000) from property rental were recorded for the year ended 31 December 2024. The decrease in rental income was mainly due to the forced termination of tenancies in early 2024 pursuant to court order.

(ii) Centralised Heat Supply Business

As at 31 December 2024, 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 nil (2023: HK$2,022,000), which was approximately 0% (2023: 0.9%) to the Group's total assets of approximately HK$162,814,000 (2023: HK$232,420,000) at 31 December 2024.

The management of the Ever-Grand Group have then revised the financial forecast of Ever-Grand as at 31 December 2025 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 Hunan Court issued (2024) 湘03破申26號 on 25 October 2024, ruling to accept Dong Fang Hotel filed for bankruptcy proceedings. The Hunan Renheren Law Firm (湖南人和人律師事務所) (“**administrator**”) was appointed as the administrator by the Court issued (2024) 湘03破申16-1號 on 8 November 2024. The Board is of the opinion that, by filing the application with the Hunan Court and, if subsequently consents by the Hunan Court, there would a platform for Dong Fang Hotel to restructure its existing indebtedness with the creditors. The Hunan court held the first creditors meeting on 25 February 2025. As the construction project of Dong Fang Hotel was stopped due to insufficiency cashflow, the hotel was being fully impaired with amount of Construction In Progress HK$216,931,000.

The board of directors of the Company (the “**Board**”) would like to inform the Company’s shareholders and potential investors that the Court of Hunan Province of the People’s Republic of China (the “**Court**”) issued (2024) 湘03破申26號 on October 25, 2024, ruling to accept the indirect wholly-owned subsidiary of the Company Hunan Jiuhua Dong Fang Hotel * (湖南九華東方酒店有限公司) filed for bankruptcy proceedings. The Hunan Renren Law Firm was appointed as the administrator by the Court issued (2024) 湘03破申16-1號 on November 8, 2024. The Board is of the opinion that, by filing the Application with the Court and, if subsequently consents by the Court, there would a platform for the subsidiary to restructure its existing indebtedness with the creditors (the “**Bankruptcy Reorganization**”). The court scheduled to hold the first creditors meeting in the bankruptcy liquidation case of Hunan Jiuhua Dong Fang Hotel at 9:30 a.m. on February 25, 2025. Based on being handled by administrator, there is no further control on the Hunan Jiuhua Dong Fang Hotel, the related properties and equipment with a gain on deconsolidation amounted to HK$860,795,000 of Dong Fang Hotel.

Moreover, due to the unclear status of the economic, the valuation of Ever-Grand are performed and the remaining amount of fair value of Ever Grand business is about HK$ nil.

VALUATION METHOD AND THE REASONS FOR USING THE VALUATION METHOD

In applying the Income Approach to the valuation of the fair value of the 49% equity interest in Ever-Grand Development Limited ("**Ever-Grand**"), the discounted cash flow ("**DCF**") methodology was used. The DCF methodology views a company as an operating entity, with the principal focus of the analysis on the operating entity's ability to generate debt-free cash flow in the future. Debt-free cash flow is defined as cash that is available either to invest in new or existing businesses or to distribute to investors (both debt and equity investors). Reasonable projections of revenues, expenses, and reinvestment requirements (i.e. working capital and capital expenditures) form the basis for estimating the future debt-free cash flows that a company will likely generate from its existing business. The Management of the Ever-Grand provided the financial projections for the financial year ending from 31 December 2025 to 31 December 2029. These projections formed the basis of the DCF analysis. The DCF analysis was based on key qualitative factors applicable to the valuation of the 49% equity interest in Ever-Grand, outlook for the general economy of the territory in which it operates, and discussions with and projections prepared by the Management of the Ever-Grand.

The debt-free cash flow for each year of the projection period was calculated by adding back after tax interest expenses and other items affecting cash flows to net profit. Non-cash expenses, such as depreciation and amortization, were then added and incremental investments in working capital, and capital expenditures ("**CAPEX**") were deducted, all of which were provided by Management of the Ever-Grand.

In addition to calculating the debt-free cash flows throughout the projection period, it was necessary to calculate the terminal value of the Company, which reflects the value of the total capital at the end of the projection period. The terminal value was calculated by applying the Gordon Growth Model with a long term growth rate. The projected free cash flows, including the terminal value, were discounted to present value at an appropriate rate of return, or "discount rate."

In determining the fair value of the 49% equity interest in Ever-Grand, the independent valuer (the "**Valuer**") based on the share of the present value of the estimated future cash flows expected to be generated by the Ever-Grand, including the cash flows from the operation of the Ever-Grand during the forecast period and the terminal value. Unless otherwise noted, in estimating the fair value of the subject assets, the Valuer assumed the assets will remain a going concern in accordance with the relevant accounting literature. In estimating the fair value of the common equity of the Company, the Valuer relied primarily on the Income Approach in the form of a discounted cash flow ("**DCF**") methodology.

The Valuer has referenced to HKAS 36 and adopted income-based approach in valuing the fair value of Ever-Grand, in which five-year financial forecasts were adopted in measuring the fair value of Ever-Grand as at 31 December 2024. Under the income-based approach, the Valuer has adopted the discounted cash flow method to discount all future cash flows into present value.

As such, fair value less cost of disposal was adopted as the recoverable amount of the CGU, assuming immaterial disposal cost. The valuation method of discounted cash flow has been consistently applied in the valuation 49% equity interest in Ever-Grand Development Limited since year ending December 2016, for annual financial reporting purpose.

DISCOUNT RATE

The pre-tax discount rate adopted for determining the fair value of the 49% equity interest in Ever-Grand Development Limited was decreased from 19.2% in the valuation as at 31 December 2023 to 17.4% in the valuation as at 31 December 2024. With the set of comparable companies, the decrease in discount rate was mainly due to the increase in comparable companies' debt to equity ratio and the decrease in comparable companies' beta coefficient as extracted from Bloomberg.

MAJOR ASSUMPTIONS

Set out below are the major assumptions adopted by in the 2024 Valuation are, among others, as follows:

The valuation was mainly based on the projections of the future cash flows for the period from year ending 31 December 2025, as provided by the management of the Ever-Grand Group (the "**Management**"). The projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals, and will be materialized;

The projection adopted in valuation was relied on the information provided by the Management, which included but not limited to revenue, cost of sales, business tax and surcharge, administrative expense and capital expenditure;

Ever-Grand Group is assumed to have no contingent assets and liabilities or any other off-balance sheet items which should be recognized or valued attributable to Ever-Grand Group;

To continue as a going concern, Ever-Grand Group will successfully carry out all necessary activities for the development of its business;

The contractual parties of relevant agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties and will be renewable upon expiry, if applicable;

The availability of financing will not be a constraint on the forecast growth of Ever-Grand Group 's operations;

Market trends and conditions where Ever-Grand Group operates will not deviate significantly from the economic forecasts in general;

Key management, competent personnel and technical staff will all be retained to support ongoing operations of Ever-Grand Group;

There will be no material changes in the business strategy of Ever-Grand Group and its expected operating structure;

All relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organization required to operate in the localities where Ever-Grand Group operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which Ever-Grand Group operates or intends to operate, which would adversely affect the revenues and profits attributable to Ever-Grand Group.

FINANCING ACTIVITIES AND EVENT AFTER THE REPORTING PERIOD

On 2 September 2024, the Court had disposed of the guaranteed property of a director of the Company as settlement of the ZCCB loan amounted to approximately HK$98,656,000.

On 18 February 2025, the Nanjing Court ordered the transfer of the Chengdu Shopping Mall to ZCCB as settlement of the outstanding debt.

The board of directors of the Company (the "**Board**") would like to inform the Company's shareholders and potential investors that the Court of Hunan Province of the People's Republic of China (the "**Court**") issued (2024) 湘03破申26號 on October 25, 2024, ruling to accept the indirect wholly-owned subsidiary of the Company (the "**Subsidiary**") Hunan Jiuhua Oriental Hotel Co., Ltd..* (湖南九華東方酒店有限公司) ("**Hunan Oriental Hotel**") filed for bankruptcy proceedings. The Hunan Renren Law Firm was appointed as the administrator by the Court issued (2024) 湘03破申16-1號 on November 8, 2024. The Board is of the opinion that, by filing the Application with the Court and, if subsequently consents by the Court, there would a platform for the subsidiary to restructure its existing indebtedness with the creditors (the "**Bankruptcy reorganization**"). The court scheduled to hold the first creditors meeting in the bankruptcy liquidation case of Hunan Jiuhua Oriental Hotel Co., Ltd. at 9:30 a.m. on February 25, 2025.

On 20 May 2025, the Company received a winding-up petition (the "**First Petition**") against the Company, which was presented to the High Court of Hong Kong by an independent third party as landlord in respect of an unsettled debt of approximately HK$3,947,000 under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petition is scheduled to be heard on 15 October 2025 at the High Court of Hong Kong. Up to the date of this announcement, the litigation is still in progress.

On 18 June 2025, the Company received a winding-up petition (the "**Second Petition**"), which was filed by an ex-employee of the Group at the High Court of the Hong Kong Special Administrative Region against Mandarin Films Limited ("**Mandarin Films**"), a subsidiary of the Company, in relation to outstanding salaries. On 3 September 2025, the petitioner and the Company executed and filed a consent summons with the High Court to withdraw the Second Petition.

On 16 September 2025, the Company became aware of a civil complaint filed by China Huarong Asset Management Co., Ltd. (now known as China CITIC Financial Asset Management Co., Ltd.) ("**China Huarong**"), at the Shenzhen Intermediate People's Court. This legal action concerns a debt (including outstanding loan principal, accrued interests and default interests) owed by the Company to China Huarong International Holdings Limited (now known as China CITIC Financial AMC International Holdings Limited) ("**CHIH**"), being a subsidiary of China Huarong, under the facility agreement and other supplemental and incidental agreements entered thereunder. In the complaint, the defendants include certain subsidiaries of the Company, namely Brilliant Field Corporation Limited, and Profit Source International Limited as well as Keyne Holdings Ltd, Ms. Qian Ling Ling, Mr. Peter Zhu, Mr. Zhu Boheng and Huaian Jinrun Real Estate Co., Ltd.* (淮安金潤置業有限公司).

PROSPECTS

The macro environment and economic development are expected to evolve amidst ongoing volatility, requiring enterprises to continuously adapt to new situations and changes. Reflecting on the past year, the property management industry has undergone a phase of structural adjustment, characterised by rapid shifts in the competitive landscape.

Although some industry players have experienced slower growth, limited scale expansion, and profitability pressure, the public's demand for a higher quality of life remains strong. The ongoing trend of industry upgrading and consolidation continues to hold significant potential, and the Group remains fully confident in the long-term prospects of the property management sector.

Property management enterprises will inevitably face increasingly complex competition and diverse market demands, with the valuefor-money of their service offerings becoming the key determinant of competitive strength. Looking ahead, the Group will remain committed to its mission, striving to create value for property owners by delivering services and products that are "fairly priced", "worth the price", and even "exceed expectations".

By ensuring the preservation and appreciation of assets, the Group aims to contribute to the core value of meeting the people's aspirations for a better life, positioning service excellence as the cornerstone of its competitive advantage.

In 2025, the Group will focus on "products + services + operations", with a customer-centric approach, concentrating on the core service business and ensuring the stability of key operational fundamentals. The Group will continue to leverage its market advantages, with keen market insights, focusing on core business values, seizing development opportunities, and seeking drivers for profit growth.

While continually adjusting its project portfolio, the Group will ensure stable project renewals through high-quality service and maximise the value of existing client resources. Additionally, the Group will respond to the growing needs of property owners by upgrading its service product system, creating a menu-style and personalised service offering. In terms of business development along the value chain of the industry, the Group will focus on customer satisfaction, continuously optimising the value-added service business structure, concentrating on two main categories: community living and asset appreciation. Returning to the essence of operations, the Group will focus on profitable businesses and high-potential products.

In 2025, the Group will further improve the replicability of its businesses. The property management segment will continue to strengthen operational efficiency, with a focus on quality and cash flow, optimising geographic layout and project portfolio to maintain overall scale stability.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group's net current liabilities were approximately HK$1,807,777,000 (31 December 2023: HK$2,395,290,000), with current assets of approximately HK$531,000 (31 December 2023: HK$61,295,000) and current liabilities of approximately HK$1,808,308,000 (31 December 2023: HK$2,456,585,000). As at 31 December 2024, the Group had cash and cash equivalents of approximately HK$95,000 (31 December 2023: HK$76,000).

CAPITAL STRUCTURE

As at 31 December 2024, the Group's total capital deficiency amounted to approximately HK$1,693,352,000 (31 December 2023: HK$2,272,608,000).

BORROWING AND BANKING FACILITIES AND CHARGE ON GROUP ASSETS

As at 31 December 2024, the Group's outstanding borrowings were approximately HK$892,750,000 (31 December 2023: HK$1,475,830,000). The Group's bank borrowings of approximately HK$163,485,000 (2023: HK$271,079,000) secured by Group's investment properties with a net carrying amount of approximately HK$162,283,000 (31 December 2023: HK$167,817,000).

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 2023: HK$7,380,000) were unsecured.

The Group's other borrowings of approximately HK$142,758,000 (31 December 2023: HK$143,622,000) 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$293,479,000 (31 December 2023: HK$295,256,000) 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 gearing ratio based on borrowings over total deficit as at 31 December 2024 was approximately -0.53 (31 December 2023: -0.65).

GOING CONCERN AND MITIGATION MEASURES

The Group had accumulated losses of approximately HK$4,396,674,000, the Group's current liabilities exceeded its current assets by approximately HK$1,807,777,000 and the Group's net liabilities amounted to HK$1,693,352,000 as at 31 December 2024. As at the same date, the Group's total borrowing amounted to approximately HK$892,750,000, of which current borrowing amounted to approximately HK$879,885,000, while its cash and cash equivalents amounted to approximately HK$95,000 and restricted bank deposits amounted to approximately HK$Nil. As at 31 December 2024, certain borrowings whose principal amounts of approximately HK$599,722,000 and interest payable amounts of approximately HK$696,673,000, relating to borrowings with a total principal and interest payable amounts of approximately HK$1,296,395,000 ("**Overdue Borrowings**") were overdue. The aggregate principal amount of the aforementioned borrowings of approximately HK$862,544,000 would be immediately repayable if requested by the lenders.

These conditions, together with other matters described in the notes 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.

In addition, on 20 May 2025, the Company received a winding-up petition (the "**First Petition**") against the Company, which was presented to the High Court of Hong Kong by an independent third party as landlord in respect of an unsettled debt of approximately HK$3,947,000 under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petition is scheduled to be heard on 15 October 2025 at the High Court of Hong Kong.

These conditions indicate the existence of a material uncertainty that might cast significant doubt about the Group's ability to continue as going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. In view of such circumstances, the directors of the Company have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay the outstanding borrowings and be able to finance its future working capital and finance requirements.

Certain measures have been and will be taken by the Group to manage its liquidity need and to improve its financial position which include, but are not limited to, the following:

1. The Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flow operations;

2. The Group consider to dispose of non-core businesses and/or financial assets;

3. The Group consider to expand revenue stream in order to improve the profitability of the Group;

4. The Group has been working closely with its legal and financial advisors to formulate a viable restructuring plan aimed at addressing current liquidity constraints, enhancing the credit profile of the Group and protecting the interests of all stakeholders; and

5. The Group is actively looking for other sources of financing including any possible from of debt or equity financing to enhance the capital structure and reduce the overall financing expenses.

Cost control policy for 2024

The Company will continue to strictly implement the cost control policy while maintaining stable business operation, so as to further lowering administration expenses.

Further financial strategy planning for 2024

The Company has been in discussion with its professional advisors to explore and consider various options available to the Company in formulating a viable resumption proposal to satisfy the requirements under the Resumption Guidance and to advance the resumption progress. The Group will continue to review its existing businesses and its financial position from time to time and is committed to improving the existing business operations to remedy the issues causing its trading suspension and to fully comply with the Listing Rules.

Up to the date of this announcement, the Group has acquired a total of 10 property management projects. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the counterparties to the property management services contracts and their respective ultimate beneficial owner are third parties independent of the Company and its connected persons.

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 to the consolidated financial statements, there were no contingent liabilities that the Group is aware of.

EMPLOYEES AND REMUNERATION POLICIES

Staff costs for the year ended 31 December 2024 was approximately HK$3,794,000 (2023: HK$8,201,000). The Group had a workforce of 4 (2023: 10). 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 2024 (2023: Nil).

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group, have been reviewed by the audit committee of the Company (the "**Audit Committee**") and audited by the auditor of the Company (the "**Auditor**"), Rongcheng (Hong Kong) CPA Limited.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2024, consolidated statement of profit or loss, consolidated statement of other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditors, Rongcheng (Hong Kong) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Rongcheng (Hong Kong) CPA 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 Rongcheng (Hong Kong) CPA Limited on this preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry, all current Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year under review and up to the date of this announcement.

COMPLIANCE WITH THE LISTING RULES AND THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, throughout the year under review, in compliance with the Listing Rules and the code provisions (the "**Code Provision(s)**") under the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, except the following deviations:

Listing Rule 3.10(1), 3.10(2), 3.10A, 3.21, 3.25 and 3.27A

According to rule 3.10A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Company is required to appoint independent nonexecutive directors representing at least one-third of the members of the Board. Following the resignation of Mr. Tang, the composition of the Board comprises three (3) executive directors and one (1) independent non-executive directors. The number of independent non-executive directors on the Board represents less than one-third of the members of the Board as required under rule 3.10A of the Listing Rules.

As such, the number of independent non-executive Directors is less than three which is below the minimum requirement prescribed under Rule 3.10(1) of the Listing Rules. Upon the resignation of Mr. Tang, the number of members of the Audit Committee is less than three which is below the minimum requirement prescribed under Rule 3.21 of the Listing Rules and no member of the Audit Committee possesses appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10 (2) of the Listing Rules.

Listing Rule 3.21 stipulates that, among others, the audit committee must comprise a minimum of three members, and the audit committee must be chaired by an independent non-executive director. Listing Rule 3.25 stipulates that an issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors. Listing Rule 3.27A stipulates that an issuer must establish a nomination committee chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors.

For the period from October 2024 to now, due to the resignation of Mr. Neil Kai Gu on 8 October 2024 and Mr. Tang Ping Sum to independent non-executive directors on 15 April 2025, the Listing Rule 3.10(1), 3.10(2), 3.10A, 3.21, 3.25 and 3.27A are not complied.

Code Provision A.5.1

Code Provision A.5.1 of the CG Code stipulates that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

For the period from October 2024 to now, due to the resignation of of Mr. Neil Kai Gu and Mr. Tang Ping Sum, the Code Provision A.5.1 is not complied.

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for 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 AND ANNUAL REPORT

This audited annual results announcement is published on the websites of the Stock Exchange and the Company. The annual report will be dispatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The Company will issue a separate announcement regarding the date of the upcoming AGM, and the dates of closure of register of members of the Company.

RESUMPTION GUIDANCE

The Stock Exchange has imposed the Resumption Guidance for the Company as detailed under the section headed "BASIS OF PREPARATION" to the consolidated financial statements in this announcement.

The Company is taking appropriate steps to remedy the issues causing the Suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in the shares is allowed to resume. On 19 September 2025, the Company submitted a resumption proposal (the "**Resumption Proposal**") to the Stock Exchange.

Please refer to the announcements of the Company dated 4 July 2024, 7 October 2024, 23 October 2024, 6 January 2025, 7 April 2025 and 22 September 2025 for details of the progress of the resumption. The Company will keep its shareholders and public informed of the developments in this regard by making further announcements as and when appropriate.

As at the date of this announcement, the Company is working towards resumption and is taking appropriate steps to fulfil the resumption conditions. The Company will keep the shareholders of the Company and the public on, among others, the progress as and when appropriate.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 April 2024 and will remain suspended until further notice. The Company will keep its shareholders and the public informed of the latest development by making further announcement(s) as and when appropriate.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

By order of the Board
KEYNE LTD
Yu Chao
Executive Director and Chief Executive Officer

Hong Kong, 30 September 2025

As at the date of this announcement, the Board comprises four Directors. The executive Directors are Ms. Qian Ling Ling (Chairman), Mr. Yu Chao (Chief Executive Officer) and Mr. Xiang Junjie; and the independent non-executive Director is Mr. Tsui Pui Hung.