

金奧國際股份有限公司

KEYNE LTD

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



2024

INTERIM REPORT

CONTENTS

Corporate Information	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to the Condensed Consolidated Interim Financial Statements	9
Management Discussion and Analysis	33
Corporate Governance and Other Information	40



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Ms. Qian Ling Ling (*Chairman*)

Mr. Zhang Li (*Chief Executive Officer resigned at 30 Apr 2024*)

Mr. Yu Chao (*Chief Executive Officer, appointed at 1 May 2024*)

Mr. Xiang Junjie

Independent Non-executive Directors:

Mr. Tsui Pui Hung

Mr. Tang Ping Sum

Mr. Neil Kai Gu

COMPANY SECRETARY

Mr. Chen Kenneth

AUTHORISED REPRESENTATIVES

Ms. Qian Ling Ling

Mr. Zhang Li (*Resigned at 30 Apr 2024*)

Mr. Yu Chao (*Appointed at 1 May 2024*)

AUDITOR

CL Partners CPA Limited

1902-04, Rightful Centre,

12 Tak Hing Street, Kowloon

PRINCIPAL BANKERS

Industrial and Commercial Bank of
China Limited

Industrial and Commercial Bank of China
(Asia) Limited

Dongguan Rural Commercial Bank
Company Limited

Bank of China (Hong Kong) Limited

AUDIT COMMITTEE

Mr. Tang Ping Sum (*Chairman*)

Mr. Tsui Pui Hung

Mr. Neil Kai Gu (*Resigned at 2024*)

REMUNERATION COMMITTEE

Mr. Neil Kai Gu (*Chairman*)

Mr. Tang Ping Sum

Mr. Tsui Pui Hung

NOMINATION COMMITTEE

Mr. Tsui Pui Hung (*Chairman*)

Mr. Tang Ping Sum

Mr. Neil Kai Gu

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

4th Floor North Cedar House

41 Cedar Avenue

Hamilton HM12

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat A-B, 11/F, Wah Lik Industrial Centre,
459-469 Castle Peak Road,

Tsuen Wan, Hong Kong

COMPANY WEBSITE

www.keyneltd.com

The board (the “**Board**”) of directors (the “**Directors**”) of KEYNE LTD (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		Six months ended 30 June	
	Notes	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	5	–	13,467
Cost of sales		(2,328)	(4,794)
Gross profit		(2,328)	8,673
Other income		7,063	240
Administrative expenses		(11,884)	(10,070)
Selling and marketing expenses		–	(193)
Operating loss	8	(7,149)	(1,350)
Finance income	7	248	86
Finance costs	7	(104,451)	(101,916)
Finance costs – net	7	(104,203)	(101,830)
Share of results of associates		(555)	(361)
Loss before income tax		(111,907)	(103,541)
Income tax expense	9	576	(724)
Loss for the period attributable to owners of the Company		(111,331)	(104,265)
Loss per share	11		
Basic		HK(3.12) cents	HK(2.92) cents
Diluted		HK(3.12) cents	HK(2.92) cents

Details of the dividend are disclosed in note 10 to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company	(111,331)	(104,265)
Other comprehensive income (expense):		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences arising on translation of foreign operations	29,406	7,628
Share of other comprehensive expense of associates accounted for using the equity method	(308)	(347)
Other comprehensive income (expense) for the period, net of tax	29,098	7,281
Total comprehensive expense for the period attributable to owners of the Company	(82,233)	(96,984)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		—	—
Right-of-use assets		—	—
Investment properties	12	162,283	167,817
Investments in associates	13	1,159	2,022
Prepayments and other receivables		—	1,286
Total non-current assets		163,442	171,125
Current assets			
Properties for sale or under development and other contract costs		—	—
Rental receivables	14	10,865	13,326
Deposits, prepayments and other receivables		32,264	32,376
Tax recoverable		15,474	15,506
Pledged deposits in a financial institution		—	—
Restricted bank deposits		11	11
Cash and cash equivalents		96	76
Total current assets		58,710	61,295
LIABILITIES			
Current liabilities			
Trade payables	15	110,272	110,272
Other payables, accruals and deposits received		973,213	871,332
Lease liabilities		1,949	3,254
Contract liabilities	5	—	—
Amount due to an associate		7,296	8,772
Borrowings	16	1,445,550	1,462,965
Total current liabilities		2,538,280	2,456,585
Net current liabilities		(2,479,570)	(2,395,290)
Total assets less current liabilities		(2,316,128)	(2,224,165)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*(continued)**As at 30 June 2024*

	<i>Notes</i>	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Non-current liabilities			
Deposits received		2,491	2,576
Lease liabilities		–	491
Borrowings	<i>16</i>	12,860	12,865
Deferred tax liabilities		31,355	32,511
Total non-current liabilities		46,706	48,443
Net liabilities		(2,362,834)	(2,272,608)
EQUITY			
Deficiency attributable to owners of the Company			
Issued share capital	<i>17</i>	35,688	35,688
Reserves		(2,398,522)	(2,308,296)
Capital deficiency		(2,362,834)	(2,272,608)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Issued share capital HK\$'000	Share premium HK\$'000	Contributed surplus ¹ HK\$'000	Exchange reserve HK\$'000	Special reserve ² HK\$'000	Share options reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$000	Total HK\$'000
Balance at 1 January 2023	35,688	2,174,200	459,047	8,827	17,926	4,362	(269)	(3,588,835)	(889,054)
Loss for the period	-	-	-	-	-	-	-	(104,265)	(104,265)
Other comprehensive income	-	-	-	7,628	-	-	(347)	-	7,281
Total comprehensive income for the period	-	-	-	7,628	-	-	(347)	(104,265)	(96,984)
Change in equity for the period	-	-	-	7,628	-	-	(347)	(104,265)	(96,984)
Balance at 30 June 2023 (unaudited)	35,688	2,174,200	459,047	16,455	17,926	4,362	(616)	(3,693,100)	(986,038)
Balance at 1 January 2024	35,688	2,174,200	459,047	47,840	17,926	4,362	(468)	(5,011,203)	(2,272,608)
Loss for the period	-	-	-	-	-	-	-	(111,331)	(111,331)
Other comprehensive income	-	-	-	29,406	-	-	(308)	-	29,098
Total comprehensive income for the period	-	-	-	29,406	-	-	(308)	(111,331)	(82,233)
Change in equity for the period	-	-	-	29,406	-	-	(308)	(111,331)	(82,233)
Balance at 30 June 2024 (unaudited)	35,688	2,174,200	459,047	69,253	17,926	4,362	(776)	(5,122,534)	(2,362,834)

¹ Contributed surplus of the Group arose from the Company's capital reorganisation on 6 September 2010 and 24 May 2012.

² Special reserve of the Group mainly represents the sum of the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the group reorganisation in 2001 of HK\$10,420,000 and the consideration for the acquisition of additional interests in jointly-controlled entities which became wholly-owned subsidiaries by the substantial shareholder of the Company prior to the group reorganisation of HK\$7,506,000.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net cash (used in) from operating activities	32,385	(141,768)
Cash flows from investing activities		
Decrease in restricted bank deposits	–	88,696
Interest (used) received	–	(5)
(Increase)/decrease in investment in associate	863	–
Net cash from (used in) investing activities	863	88,691
Cash flows from financing activities		
Proceeds from borrowings	–	–
Payment of lease liabilities	(2,980)	(1,729)
Interest paid on lease liabilities	–	(273)
Interest paid on borrowings	(1,440)	(835)
Net cash used in financing activities	(4,420)	(2,837)
Net decrease in cash and cash equivalents	28,828	(55,914)
Cash and cash equivalents at beginning of the period	76	1,119
Effect of foreign exchange rate changes, net	(28,808)	56,140
Cash and cash equivalents at end of the period	96	1,345
Analysis of the balance of cash and cash equivalents		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	96	1,345

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 in Hong Kong of the Company 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.

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 centralized heat supply.

2 BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

Suspension of trading in shares of the Company

On 14th August 2023, a judgement was handed down by the Intermediate People’s Court of Xiangtan, Hunan Province of the PRC whereby it was stated that an application of the bankruptcy restructuring (“**Restructuring**”) of the Subsidiary was accepted. Back then, the Company took the view that such a reorganization would not effect the structure and the control rights of the Subsidiary.

On 18 March 2024, the Company published an announcement on the Stock Exchange for the delay of the publication of 2023 Annual Results.

After 4th bankruptcy (九華國際公司第四次債權人會議) meeting held at Aug 2024, however, the Company was advised by the PRC lawyer that the Subsidiary was not longer owned by the Company.

On 4 October 2024, the Company published an announcement on the Stock Exchange for the delay of the publication of 2023 Annual Result and 2024 Interim Result.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

2 BASIS OF PREPARATION *(continued)*

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

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

Since the new appointment of Executive Director, together with the Board, have 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 businesses of the Group, by way of disposal; (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 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.

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. Thus, the Board meeting for, among other things, the approval of the interim results for the six months ended 30 June 2025 will be postponed to a date on or before 31 October 2025. The corresponding annual reports and interim reports will be issued as soon as practicable thereafter.

2.1 *Going concern basis*

As at 30 June 2024, the Group had accumulated losses of HK\$5,122,534,000 (31 December 2023: HK\$5,011,203,000), the Group's current liabilities exceeded its current assets by approximately HK\$2,479,570,000 (31 December 2023: HK\$2,308,937,000) and the Group's net liabilities amounted to approximately 2,316,128,000 (31 December 2023: HK\$2,395,290,000). As at the same date, the Group's total borrowings amounted to HK\$1,458,415,000 (31 December 2023: HK\$1,475,830,000), of which current borrowings amounted to HK\$1,445,500,000 (31 December 2023: HK\$1,462,965,000), while its cash and cash equivalents amounted to HK\$96,000 (31 December 2023: HK\$76,000), and restricted bank deposits amounted to HK\$11,000 (31 December 2023: HK\$11,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

2 BASIS OF PREPARATION *(continued)*

2.1 *Going concern basis (continued)*

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 acquire or explore new 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;
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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

3 CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current period, 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

3 CHANGE IN SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 ESTIMATES

When preparing the condensed consolidated interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expense. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the condensed consolidated interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's annual financial statements for the year ended 31 December 2023. The only exceptions are the estimate of income tax liabilities which is determined in the condensed consolidated interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

5 REVENUE

The Group's operations and main revenue streams are those described in the annual financial statements for the year ended 31 December 2023.

In the following table, revenue is disaggregated by timing of revenue recognition.

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
External revenue from contracts with customers by timing of revenue recognition-Point in time	–	3,426
External revenue from other sources	–	10,041
Total	–	13,467

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

6 SEGMENTAL INFORMATION

For management purposes, the Group is organised into three business units – property rental, property and hotel development and centralised heat supply.

These business units are the basis on which the Group reports its segment information. Segment information about the revenue and the results of these business units is presented below.

For the six months ended 30 June 2024 (unaudited)

	Property rental <i>HK\$'000</i>	Property and hotel development <i>HK\$'000</i>	Centralised heat supply <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:				
External revenue from contracts with customers by timing of revenue recognition – point in time	–	–	–	–
External revenue from other sources	–	–	–	–
Total revenue	–	–	–	–
Segment results	(2,328)	–	–	(2,328)
Unallocated corporate expenses				(12,439)
Other incomes				7,063
Finance income				248
Finance costs				(104,451)
Loss before income tax				(111,907)
Income tax expense				576
Loss for the period				(111,331)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

6 SEGMENTAL INFORMATION *(continued)*

For the six months ended 30 June 2023 (unaudited)

	Property rental <i>HK\$'000</i>	Property and hotel development <i>HK\$'000</i>	Centralised heat supply <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:				
External revenue from contracts with customers by timing of revenue recognition – point in time	–	3,426	–	3,426
External revenue from other sources	10,041	–	–	10,041
Total revenue	10,041	3,426	–	13,467
Segment results	5,677	(2,285)	(361)	3,031
Unallocated corporate expenses				(4,742)
Finance income				86
Finance costs				(101,916)
Loss before income tax				(103,541)
Income tax expense				(724)
Loss for the period				(104,265)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

6 SEGMENTAL INFORMATION *(continued)*

The following table presents segment assets of the Group's reportable segments as at 30 June 2023 and 31 December 2022

As at 30 June 2024 (unaudited)

	Property rental <i>HK\$'000</i>	Property and hotel development <i>HK\$'000</i>	Centralised heat supply <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	173,382	32,069	–	15,542	220,993
Investments in associates	–	–	1,159	–	1,159
Total assets					222,152

As at 31 December 2023 (audited)

	Property rental <i>HK\$'000</i>	Property and hotel development <i>HK\$'000</i>	Centralised heat supply <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	181,756	32,094	–	16,548	230,730
Investments in associates	–	–	2,022	–	2,022
Total assets					232,752

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

7 FINANCE COSTS – NET

An analysis of finance costs and income is as follows:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Finance costs:		
Interest on bank borrowings	–	4,047
Interest on other borrowings	104,017	92,261
Significant financing component of contract liabilities	–	–
Interest on lease liabilities	141	273
Foreign exchange difference, net	293	16,629
	104,451	113,210
Less: amounts capitalised on qualifying assets	–	(11,294)
Total finance costs	104,451	101,916
Finance income:		
Interest income from financial assets measured at amortised cost	(248)	(86)
Total finance income	(248)	(86)
Finance costs – net	104,203	101,830

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

8 OPERATING LOSS

The Group's operating loss has been arrived at after charging:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Auditors' remuneration	775	870
Cost of properties sold*	–	3,426
Direct operating expense of investment property that generate rental income*	2,325	1,369
Lease charges – short-term leases with lease term shorter than 12 months	–	13
Depreciation – owned assets	72	55
Depreciation – right-of-use assets^	–	1,577
Professional fees	2,140	945

* The cost of properties sold and direct operating expense of investment property that generate rental income for the period are included in “cost of sales” on the condensed consolidated statement of profit and loss.

9 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. The applicable tax rate for the Group's operation in the Mainland China is 25%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Current tax	(669)	(208)
Deferred tax	93	932
Total tax expense	(576)	724

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

10 DIVIDENDS

No dividend was paid or proposed during the period, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

11 LOSS PER SHARE

(a) *Basic*

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Loss figures are calculated as follows:		
Loss for the period attributable to owners of the Company	(111,331)	(104,265)

	Six months ended 30 June	
Number of shares (in thousand)	2024	2023
Weighted average number of ordinary shares for the purpose of basic loss per share	3,568,791	3,568,791

(b) *Diluted*

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had zero (2023: one) category of share options (2023: share options), for the period ended 30 June 2024 and 2023.

For the share options, calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. As the exercise price of the share options granted by the Company was higher than the average annual market price of the Company's shares for the six months ended 30 June 2024 and 2023, the outstanding share options had no dilutive effect on loss per share. Therefore, diluted loss per share for the six months ended 30 June 2024 and 2023 equals basic loss per share.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

12 INVESTMENT PROPERTIES

As at 30 June 2024 the Group's investment properties with a net carrying amount of approximately HK\$162,283,000 (2023: HK\$167,817,000) were pledged to secure borrowings granted to a group.

13 INVESTMENTS IN ASSOCIATES

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Unlisted investments:		
Share of net assets	7,011	7,874
Goodwill	1,040,373	1,040,373
Loan to an associate	1,176	1,176
Accumulated impairment loss	(1,047,401)	(1,047,401)
	1,159	2,022

The loan to an associate is unsecured, interest-free and has no fixed terms of repayment. In the opinion of the Directors, the loan is considered as quasi-equity investment in an associate.

14 RENTAL RECEIVABLES

The aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of expected credit loss allowance, is as follows:

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
0 – 90 days	10,865	13,326

The Group has a policy of allowing its trade customers credit periods normally ranging from 0 to 90 days. Before accepting any new customers, the Group uses an internal credit assessment process to assess the potential customers' credit quality and defines credit limits by customers. Credit limits attributed to customers are reviewed regularly.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

15 TRADE PAYABLES

The aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0 – 90 days	–	–
91 – 180 days	–	419
181 – 365 days	1,433	1,014
Over 1 year	131,655	108,839
	133,088	110,272

16 BORROWINGS

	Maturity	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Current			
Bank borrowings – secured (<i>note i</i>)	June 2022	60,282	60,282
Other borrowings – secured (<i>note ii</i>)	On demand	171,556	271,079
Borrowings from a related party – unsecured (<i>note iii</i>)	December 2022	295,218	295,256
Other borrowings – unsecured (<i>note iv</i>)	November and December 2020	143,604	143,622
Other borrowings – secured (<i>note v</i>)	December 2023	410,270	412,300
Other borrowings – unsecured (<i>note vi</i>)	On demand	347,280	263,085
Other borrowings – unsecured (<i>note vii</i>)	December 2023	3,841	3,841
Borrowings from a related party – unsecured (<i>note viii</i>)	December 2023	13,500	13,500
		1,445,550	1,462,965
Non-current			
Other borrowings – unsecured (<i>note ix</i>)	June, August and November 2026	5,485	5,485
Borrowings from a director – unsecured (<i>note x</i>)	2026 & 2027	7,380	7,380
		12,865	12,865
		1,458,415	1,475,830

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

16 BORROWINGS *(continued)*

Notes:

- (i) At 30 June 2024, the Group's bank borrowings of approximately HK\$60,282,000 (2023: HK\$60,282,000) is repayable by June 2024 (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 (2023: 5 years) granted by financial institutions. At 30 June 2024, principal amount of HK\$nil (2022: HK\$60,282,000) were overdue.

At 30 June 2024 and 31 December 2023, the bank borrowings were secured and guaranteed by:

- (a) the Group's leasehold lands (first priority charge) with a net carrying amount of HK\$Nil (2023: HK\$Nil) respectively;
- (b) personal guarantees executed by Ms. Qin Ling Ling (a director of the Company), Mr. Peter Zhu (the spouse of Ms. Qian Ling Ling) and Mr. Zhu Boheng (the controlling shareholder of the Company);
- (c) a corporate guarantee executed by Shanghai Jin Da Di investment Company Limited* (上海金大地投资有限公司) ("Shanghai Jin Da Di"). The controlling shareholder of this company is Mr. Zhu Boheng (the controlling shareholder of the Company).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

16 BORROWINGS *(continued)*

Notes: (continued)

- (ii) At 30 June 2024, the Group's bank borrowings of HK\$171,556,000 (2023: HK\$217,079,000) is repayable on demand (2023: on demand), were interest bearing at 9.5% per annum and penalty interest at 14.5% per annum (2023: same). At 30 June 2024, principal amount of HK\$217,079,000 were failed to fulfill certain financial covenants, terms and conditions.

At 30 June 2024 and 31 December 2023, the bank borrowings were secured and guaranteed by:

- (a) the Group's investment properties with a net carrying amount of 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. Qin Ling Ling (a director of the Company), Mr. Peter Zhu (the spouse of Ms. Qian Ling Ling) and Mr. Zhu Boheng (the controlling shareholder of the Company); and
- (e) corporate guarantees executed by the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

16 BORROWINGS *(continued)*

Notes: (continued)

- (iii) At 30 June 2024, the Group's other borrowings of HK\$295,218,000 (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 2023 to December 2023 (2023: same). At 30 June 2024, principal amount of HK\$295,218,000 (2023: HK\$295,256,000) were overdue.

At 30 June 2024 and 31 December 2023, the other borrowings were secured and guaranteed by:

- (a) equity interests in subsidiaries of the Group under Brilliant Field and Profit Source;
- (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 three 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).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

16 BORROWINGS *(continued)*

Notes: (continued)

- (iv) At 30 June 2024, the Group's other borrowings of HK\$143,603,000 (2023: HK\$143,622,000) were secured and guaranteed, interest bearing at bank best lending rate and penalty interest bearing 22.5% (2023: same) and were repayable in November and December 2021 (2023: same). At 30 June 2023, principal amount of HK\$143,603,000 (2023: HK\$143,622,000) were overdue.

At 30 June 2024 and 31 December 2023, the bank 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 guarantee 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; 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(有限公司)), 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), ultimate controlling shareholder of this company is Mr. Zhu Boheng (the controlling shareholder of the Company).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

16 BORROWINGS *(continued)*

Notes: (continued)

- (v) At 30 June 2024, the Group's other borrowings of HK\$410,270,000 (2023: HK\$412,300,000) in total with extended maturity date in December 2024 (2023: December 2024), were interest bearing at 12% per annum (2023: same) and will be repayable by instalments.

The other borrowings were secured and guaranteed by:

- (a) certain properties under development, with a net carrying amount of approximately HK\$Nil (2023: 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);
 - (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 30 June 2024 and 31 December 2023, the Group's other borrowings from a related parties were interest-free, unsecured and repayable on demand.
- (vii) As 30 June 2023 and 31 December 2022, the Group's other borrowings from related parties were interest-free, unsecured and payable by installments in 2025 (2022: 2024).
- (viii) At 30 June 2024 and 31 December 2023, the Group's borrowings from a related party were payable in December 2024 (2023: December 2023), unsecured and interest free, and was assigned from a former shareholder, executed by a deed of loan assignment.
- (ix) At 30 June 2023 and 31 December 2022, the Group's other borrowings from a director were bearing at 5% per annum, unsecured and repayable by installments in 2026 and 2027 (2022: 2024 and 2025).
- (x) At 30 June 2024 and 31 December 2023, the Group's other borrowings from a related party were interest-free, unsecured and repayable on or before 31 December 2024 (2023: 31 December 2024).

At 30 June 2024 and 31 December 2023, the Group's borrowings from a related party were interest bearing at 5% per annum (2023: 5% per annum), unsecured and repayable by instalments in June, August, November 2026 (2023: June, August, November 2025).

* *For identification purpose only*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

17 ISSUED SHARE CAPITAL

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Authorised: 100,000,000,000 (2023: same) ordinary shares of HK\$0.01 (2023: same) each	100,000,000	100,000,000
Issued and fully paid: 3,568,790,629 (2023: same) ordinary shares of HK\$0.01 (2023: same) each	3,568,791	3,568,791

There were no movements in the Company's share capital during the six months ended 30 June 2024.

18 SHARE-BASED PAYMENT

Share options are granted to Directors, employees and certain eligible persons. The options are exercisable in ten years starting from the grant date. The Group has no legal or constructive obligation to repurchase or settle the options in cash. All the outstanding options were exercisable as at 30 June 2024. The fair value of options granted was determined using the binomial valuation model. The significant inputs into the model were stated as follows:

Grant date	23 January 2018	29 March 2018
Share price at date of grant	0.345	0.285
Exercise price	0.362	0.292
Number of options granted		
– Directors	24,711,625	–
– employees and eligible persons	74,134,875	49,423,250
Risk free rate	2.021%	1.902%
Expected dividend yield	Nil	Nil
Expected volatility	85.64%	85.32%
Post-vesting exit rate	3.36%	3.36%
Expected exercise multiple		
– Directors	2.80x	–
– employees and eligible persons	2.20x	2.20x
Fair value per option		
– Directors	0.211	N/A
– employees and eligible persons	0.176	0.148

There were no options granted or exercised during the six months ended 30 June 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

19 DECONSOLIDATION OF A SUBSIDIARY

On 18 August 2023, the Xiangtan Intermediate People's Court issued a ruling accepting the bankruptcy restructuring application and administrator was appointed for a subsidiary of the Group, Hunan Jiuhua International New City Development Construction Company Limited ("**Hunan Jiuhua International**") in the PRC, which were engaged in property and hotel development in the PRC. The directors of the Company considered that the control over the Hunan Jiuhua International as at 18 August 2023 had been lost. 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 Hunan Jiuhua International. Due to the lack of control and unavailability of these financial records of Hunan Jiuhua International, the directors of the Company considered to deconsolidate the results, assets, liabilities and cash flows of Hunan Jiuhua International. The net liabilities of Hunan Jiuhua International at the date of deconsolidation was as follows:

	<i>HK\$'000</i>
Property, plant and equipment	80
Properties for sale or under development	2,345,187
Prepayment, deposits and other receivables	59,273
Bank balances and cash	3,206
Trade and other payables	(238,309)
Contract liabilities	(970,486)
Borrowings	(414,671)
Amount due to the Group	(1,262,273)
Net liabilities at deconsolidation	(477,993)
Released from exchange reserve	7,985
Amount due by the subsidiary to the Group	1,262,273
Loss on deconsolidation of a subsidiary	792,265

An analysis of the net outflow of cash and cash equivalents in respect of the deconsolidation of the PRC Subsidiary are as follows:

	<i>HK\$'000</i>
Bank balance and cash	(3,206)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

20 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 Development Limited (“**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 re-characterised as a direct transfer by the PRC tax authorities and the capital gain derived will be subject to EIT. The Group should act as EIT withholding agent and report the indirect equity transfer (and settle the EIT, if applicable) to the PRC tax authorities within 30 days after the equity transfer agreement is concluded.

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

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

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

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

At 31 December 2023, the Company and the third party vendor/Vendor have mutually agreed in writing to further extend the settlement period of the held back sum of HK\$60,000,000 in cash on or before 31 December 2024 by one single or multiple payment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

20 CONTINGENT LIABILITIES *(continued)*

(ii) *Pending litigation*

- (a) During the year ended 31 December 2022, the court ordered 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 by way of auction through the website of Taobao. Up to the date of this report, the litigation is still in progress.

Except as above, the Group has no material contingent liabilities as at 30 June 2024 and 31 December 2023.

21 APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 30 September 2025.

22 EVENTS AFTER REPORTING PERIOD

- (a) 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.
- (b) The Court of Hunan Province of the People’s Republic of China (the “**Court**”) issued (2024) 湘03破申26號 on 25 October 2024, ruling to accept the indirect wholly-owned subsidiary of the Company (the “**Subsidiary**”) Dong Fang Hotel filed for bankruptcy proceedings. The Hunan Renheren Law Firm 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 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 25 February 2025.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

22 EVENTS AFTER REPORTING PERIOD *(continued)*

- (c) 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.
- (d) 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.
- (e) 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).

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2024, the Group focus on (i) property and hotel development (the “**Xiangtan Project**”) – Dong Feng Hotel in Xiangtan, Hunan Province, (ii) property rentals (the “**Chengdu Project**”) in Chengdu, Sichuan Province and (iii) investment in centralised heat supply business.

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2024, the Group recorded a revenue of approximately HK\$Nil (2023: HK\$13,467,000). Property rental income increased to approximately HK\$Nil (2023: HK\$10,041,000) to the total revenue, as a result of the rent concessions.

Loss attributable to owners of the Company was approximately HK\$134,287,000 (2023: HK\$111,331,000). Basic loss per share was approximately HK3.12 cents (2023: HK2.92 cents). The Board does not recommend dividend payout for the six months ended 30 June 2024 (2023: Nil). As at 30 June 2024, cash and cash equivalents were approximately HK\$96,000 (31 December 2023: HK\$76,000).

BUSINESS REVIEW

(i) *Xiangtan Project – Dong Feng Hotel*

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

(ii) *Chengdu Project*

For the six months ended 30 June 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. Revenues of approximately HK\$Nil (2023: HK\$10,041,000) from property rental were recorded for the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

(iii) Centralised Heat Supply Business

Due to its advantage of greater energy efficiency, centralised heat supply was enthusiastically promoted by the PRC Government. According to 《關於推進我省工業園區和產業集聚區集中供熱的意見》(the “**Opinion Relating to Promoting Centralised Heat Supply for Industrial Parks and Zones in Guangdong Province**”*) published by the National Development and Reform Commission of the Guangdong Provincial Government in December 2013, the Guangdong Provincial Government is actively promoting the development of centralised heat supplies in industrial parks and zones.

Ever-Grand Development Limited holds 80% equity interests in Dongguan City Dejin Energy Technology Company Limited and Dongguan City Dejin Thermal Power Company Limited (together “**Dejin**”), which are engaged in an energy-saving environmental protection project through the provision of steam and heat produced at a power plant in Dongguan City to industrial customers in certain areas of Humen and Changan in Dongguan City, Guangdong Province.

On 30 March 2016, the transaction was completed and the Group officially began its operations in the centralised heat supply business.

As of 30 June 2024, the Group is supplying steam to around 14 (2023: 15) active customers in Humen Town through steam transmission pipelines of approximately 4.6km (2023: same). During the reporting period, the centralised heat supply business, generating revenue of approximately HK\$13,060,000 (2023: HK\$12,560,000) to Ever-Grand, representing an increase in revenue as compared with the last reporting period. In the ChangAn town, as a result of the continuous delay of the pipeline deployment plan rolled out in ChangAn town, coupled with the sustained delay of the public release from the local and central government of the Changan Binhai New Area’s “Guangdong, Hong Kong, and Macau Greater Bay Area Development Plan Outline” and the Dawan District Plan, the business plan of the ChangAn town was further delayed and suspended with uncertainties.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCING ACTIVITIES AND PENDING LITIGATION

The Group received multiple enforcement notices from the Beijing No. 1 Intermediate People's Court* (北京市第一中級人民法院) (the **"Beijing Court"**). These notices pertained to three separate legal proceedings involving significant debts (including outstanding loan principal, default compensation, default interests, legal costs and notary fee) owed to China Huarong with the defendants including certain subsidiaries of the Company, namely, Chengdu Zhongfa, Jiuhua International and Jiuhua Dong Fang, as well as Ms. Qian Ling Ling. The first proceeding relates to a claimed amount of not less than RMB203 million, the second involves a claimed amount of not less than RMB468 million, and the third concerns a claimed amount of not less than RMB270 million.

The Company was served with a writ of summons, a notice of response, and a civil complaint by the Nanjing Intermediate People's Court of Jiangsu Province* (江蘇省南京市中級人民法院). This legal action concerns a debt (including outstanding loan principal, accrued interests, default interests and compound interests) with original loan principal of RMB250 million, known as the Zhejiang Chouzhou Commercial Bank loan (**"ZCCB Loan"**), which Chengdu Zhongfa owes to Zhejiang Chouzhou Commercial Bank Co., Ltd (Nanjing Branch)* (浙江稠州商業銀行股份有限公司南京分行) and where the Company serves as a guarantor.

Jiuhua Dong Fang and Jiuhua International have also received, among others court documents, a writ of summons and civil complaint from the People's Court of Yuhu District, Xiangtan City, Hunan Province* (湖南省湘潭市雨湖區人民法院) (the **"Xiangtan Court"**). This legal action concerns a debt (including outstanding loan principal, accrued interests, default interests and compound interest) with original loan principal of RMB250 million (**"ICBC Loans"**), which Jiuhua Dong Fang owes to Industrial and Commercial Bank of China Limited (Xiangtan Xiangjiang Branch)* (中國工商銀行股份有限公司湘潭湘江支行) (**"ICBC"**) and where Jiuhua International and Ms. Qian Ling Ling serve as a guarantor.

Chengdu Zhongfa received a civil judgment from the Nanjing Jianye District People's Court* (南京市建邺區人民法院) (the **"Nanjing Court"**). Due to Chengdu Zhongfa's failure to fulfill obligations under the court judgment, the court ordered a forced sale of real estate located at No. 19 Yongling Road in Chengdu, being a shopping mall (the **"Chengdu Shopping Mall"**) and a major asset of Chengdu Zhongfa, by way of auction.

The Group is proactively seeking new business opportunities in the market. In August 2025, it entered into a memorandum of understanding with the owners' association of a residential property project in Shanghai. This property, developed by an independent local developer in 1997, has a total gross floor area of approximately 92,024 sq.m. under management, including 200 parking spaces. The estimated annual management fee is approximately HK\$10.1 million. Should the negotiations progress successfully, the Group expects to formalise the agreement by December 2025 and commenced the project in January 2026. Once finalized, the Property Management Segment's annual revenue is expected to increase to approximately HK\$86.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

EVENTS 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, 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).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PROSPECTS

Heading into FY2024, the Group expects the market to remain volatile and unpredictable. The lingering effect of geopolitical events and tension, the low short-term economic visibility, as well as the expectation of sustained high interest rates, are all likely to post sustained impact on existing Xiangtan Project. Such situation may hinder property leasing decision and investment appetite.

Nonetheless, under the support of the PRC government under the Guaranteed Building Special Loan and further development of a platform for restructure its existing indebtedness with the creditors (“the **Judicial Restructuring**”), the Group remain cautiously optimistic on the economic development of Xiangtan project on next 5-6 years.

As continuing to start to the development of the remaining Xiangtan Project Phase II, the start-up construction at Yr2025-2027 aims to get pre-sale permits within 3-5 years, so as to accelerate cash collection and relieve capital pressure.

Regarding the property investment and investment business, the Group saw various policies and domestic measures that have been put forth by the municipal government in stimulating economic recovery and restoring market confidence. China gradually moves out of the shadow of COVID-19, with the resumption of business as well as conference and exhibitions activities, we will see a high occupancy rate once the hotel are being scheduled to be opened at Yr2024. The Group will continue to keep a keen eye on available market opportunities and expand its high residential area in the future.

LIQUIDITY AND FINANCIAL RESOURCES

The Group’s financing and treasury activities are centrally managed and controlled at the corporate level. The Group’s overall treasury and funding policies focus on managing financial risks including interest rate and foreign exchange risks; and cost efficient funding of the Company and its subsidiaries.

As at 30 June 2024, the Group’s net current liabilities were approximately HK\$2,479,570,000 (31 December 2023: HK\$2,395,290,000), with current assets of approximately HK\$58,710,000 (31 December 2023: HK\$61,295,000) and current liabilities of approximately HK\$2,538,280,000 (31 December 2023: HK\$2,456,585,000), representing a current ratio of approximately 0.64 (31 December 2022: 0.67). As at 30 June 2024, the Group had cash and cash equivalents of approximately HK\$96,000 (31 December 2023: HK\$76,000).

CAPITAL STRUCTURE

As at 30 June 2024, the Group’s total capital deficiency amounted to approximately HK\$2,362,834,000 (Total capital for 31 December 2023: HK\$2,272,608,000).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BORROWING AND BANKING FACILITIES AND CHARGE ON GROUP ASSETS

As at 30 June 2024, the Group's outstanding borrowings were approximately HK\$1,458,415,000 (2023: HK\$1,465,753,000). The Group's bank borrowings of approximately HK\$62,280,000 (2023: HK\$331,361,000) 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 borrowings from a Director of approximately HK\$7,380,000 (2023: HK\$7,380,000) were unsecured.

The Group's other borrowings of approximately HK\$143,603,000 (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\$347,280,000 (2022: HK\$263,085,000) were secured by share charges given by KEYNE HOLDINGS LTD, the controlling shareholder of the Company and certain related parties, and equity pledges given by certain subsidiaries of the Company.

The gearing ratio based on borrowings over total equity as at 31 December 2023 was approximately 0.62 (2023: 0.70).

GOING CONCERN AND MITIGATION MEASURES

The Group had accumulated losses of HK\$5,122,534,000 at 30 June 2024 and net cash inflows from operating activities of HK\$32,385,000 for the six months ended 30 June 2024. As at the same date, the Group's total borrowings amounted to HK\$1,458,415,000, of which current borrowings amounted to HK\$1,445,550,000, while its cash and cash equivalents amounted to HK\$96,000, and restricted bank deposits amounted to HK\$11,000. In addition, as at 30 June 2024, loan principal repayments and interest payments of HK\$110,272,000 relating to certain borrowings of the Group of principal amount of HK\$1,445,550,000 were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. These conditions, together with other matters described in note 2.1 to the condensed consolidated interim financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

GOING CONCERN AND MITIGATION MEASURES *(continued)*

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 acquire or explore new 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;
5. 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.

EXPOSURE TO FOREIGN EXCHANGE

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

CONTINGENT LIABILITIES

Save for those disclosed in note 25 to the condensed consolidated interim financial statements, there were no contingent liabilities that the Group is aware of.

EMPLOYEES AND REMUNERATION POLICIES

Staff costs for the period ended 30 June 2024 was approximately HK\$3,364,000 (2023: HK\$8,200,000). 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.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (2023: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the existing shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which are required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company or which are required to be notified the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules, were as follows:

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of the issued share capital
			of the Company (Note 2)
Mr. Zhang Li	Beneficial owner	14,655,625 (L)	0.41%(L)

Notes:

1. The letter “L” denotes the person’s long position in such shares.
2. The percentage is calculated on the basis of 3,568,790,629 shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company have any interests or short positions in the existing shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which are required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company or which are required pursuant to the Model Code contained in the Listing Rules to be notified to the Company and the Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SHARE OPTIONS

The Company adopted a share option scheme (the “**Scheme**”) on 2 September 2013. The purpose of the Scheme is to attract and retain talented personnel for future development of the Group; to provide incentive to encourage eligible participants (the “**Eligible Participants**”) to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Group attained through their efforts and contributions.

The Eligible Participants of the Scheme are (i) any employee or officer (whether full time or part time, and including any executive director) of any member of the Group; (ii) or any non-executive director (including independent non-executive director) of any member of the Group; (iii) any supplier of goods or services to any member of the Group; (iv) any customer of any member of the Group; (v) any holder of any securities or securities convertible into any securities issued by any member of the Group; (vi) any person or entity that provides advisory, consultancy or professional services to any member of the Group or any director or employee of any such entity; and (vii) any other group or classes of participants from time to time determined by the Directors as having contributed to the development and growth of the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*SHARE OPTIONS *(continued)*

Details of the share options granted under the Scheme to the Eligible Participants of the Company to subscribe for the shares in the Company are as follows:

	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options				Outstanding as at 30.06.2023	Approximate percentage of the issued capital of the Company % ⁽⁴⁾
				Outstanding as a 01.01.2023	Granted during the review period	Exercised during the review period	Cancelled/ Lapsed during the review period		
Employees	23.01.2018	23.01.2018 to 22.01.2028	0.362	24,711,625 ⁽¹⁾	-	-	-	24,711,625	0.69
				24,711,625	-	-	-	24,711,625	0.69

Notes:

- (1) The closing price of the Company's shares immediately before the date on which the share options were granted was HK\$0.355.
- (2) The total number of the Company's share available for issue under the Scheme was 98,846,500 which represented approximately 2.77% of the issued share capital of the Company as at the date of this report.
- (3) There is no minimum period for which the share options must be held before the share options can be exercised unless otherwise determined by the Board.
- (4) As at 30 June 2024, the number of issued shares of the Company, which is 3,568,790,629 shares, has been used for the calculation of approximate percentage shareholding in the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)***SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 June 2024, the register of substantial shareholders and other person's maintained by the Company under Section 336 of the SFO showed that the following persons notified the Company of the relevant interests in the issued share capital of the Company:

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of Shareholder	Capacity	Number of ordinary shares held/Number of underlying shares held under equity interest	Approximate percentage of the issued share capital of the Company (Note 8)
Zhu Boheng (Note 1)	Interest of controlled corporation	2,073,549,197(L)	58.10%(L)
KEYNE HOLDINGS LTD (Note 1)	Beneficial owner	2,073,549,197(L)	58.10%(L)
Cheng Ngok Fai (Note 2)	Interest of controlled corporation	205,175,000(L)	5.75%(L)
Connected-World Group Limited (Note 2)	Beneficial owner	205,175,000(L)	5.75%(L)
Jovial Paradise Limited ("JP") (Notes 3, 4, 5 & 6)	Person having a security interest in shares	173,121,000(L)	4.85%(L)
	Beneficial owner	70,796,663(L)	1.98%(L)
	Interest of controlled corporation	2,073,549,197(L)	58.10%(L)
Unicorn Star Properties Limited ("USP") (Note 4)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
Soaring Sky Worldwide Limited ("SSW") (Note 4)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
InfraRed NF China Real Estate Fund III L.P. ("INFCREF") (Note 4)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
InfraRed NF China Investors III Limited ("INFCT") (Note 4)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
InfraRed Partners LLP ("IP") (Note 4)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
Charles II Realisation LLP ("CIIR") (Note 4)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
Vervain Consolidated Investments Limited ("VCI") (Note 4)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
Vervain China Development Holdings Limited ("VCDH") (Note 4)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
Vervain Enterprises Limited ("VE") (Note 4)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
Crosby Investment Holdings Inc. ("CIH") (Note 4)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
Chen Wai Wai Vivien (Note 4)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
Firewave Management Limited ("FM") (Note 5)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
Crown Investments Limited ("CI") (Note 5)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
Metro China Holdings Pte Ltd ("MCH") (Note 5)	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)***SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY** *(continued)***Long positions** *(continued)**Ordinary shares of HK\$0.01 each of the Company (continued)*

Name of Shareholder	Capacity	Number of ordinary shares held/Number of underlying shares held under equity interest	Approximate percentage of the issued share capital of the Company <i>(Note 8)</i>
Metro Holdings Limited ("MH") <i>(Note 5)</i>	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
Ong Jenn (Wang Zhen) <i>(Note 5)</i>	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
Ong Sek Hian (Wang Shixian) <i>(Note 5)</i>	Interest of controlled corporation	2,317,466,860(L)	64.94%(L)
China Huarong International Holdings Limited ("CHIH") <i>(Note 6)</i>	Person having a security interest in shares	2,010,501,197(L)	56.34%(L)
Huarong Real Estate Co., Ltd ("HREC") <i>(Note 6)</i>	Interest of controlled corporation	2,010,501,197(L)	56.34%(L)
中國華融資產管理股份有限公司 <i>(Note 6)</i>	Interest of controlled corporation	2,010,501,197(L)	56.34%(L)

Notes:

1. Mr. Zhu Boheng, being the sole shareholder of KEYNE HOLDINGS LTD ("KEYNE HOLDINGS"), is deemed to be interested in the shares in which KEYNE HOLDINGS is interested.
2. Mr. Cheng Ngok Fai, being the sole shareholder of Connected-World Group Limited ("Connected-World"), is deemed to be interested in the shares in which Connected-World is interested.
3. Based on the forms of disclosure in interest filed by JP dated 4 January 2021, JP beneficially owns 70,796,663 shares and is interested in 173,121,000 shares in the capacity of being a person having a security interest in these shares and is deemed to be interested in 2,073,549,197 shares in which KEYNE HOLDINGS is interested.
4. Based on the form of disclosure of interest filed by (a) Chen Wai Wai Vivien dated 4 January 2021 and IP dated 4 January 2021, (i) JP is owned as to 56.23% by USP, which, in turn, is owned as to 78.26% by SSW; (ii) SSW is wholly-owned by INFCREF, which is managed by INFCI as its general partner; (iii) INFCI is wholly-owned by INFCH, which, in turn, is owned as to 50% by IP and 50% by VCI; (iv) the substantial shareholder or directors of IP are accustomed to act in accordance with the directors of CIIR; (v) VCI is wholly-owned by VCDH, which, in turn, is wholly-owned by VE; and (vi) VE is wholly-owned by CIH, which, in turn, is wholly-owned by Chen Wai Wai Vivien. Therefore, each of USP, SSW, INFCREF, INFCI, INFCH, IP, CIIR, VCI, VCDH, VE, CIH and Chen Wai Wai Vivien is interested in the shares in which JP is interested under the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(continued)*

Long positions *(continued)*

Ordinary shares of HK\$0.01 each of the Company (continued)

Notes: (continued)

5. Based on the forms of disclosure of interest filed by (a) Ong Jenn (Wang Zhen) dated 4 January 2021 and Ong Sek Hian (Wang Shixian) dated 4 January 2021, (i) JP is owned as to 43.77% by FM, which, in turn, is wholly-owned by CI; (ii) CI is wholly-owned by MCH, which, in turn, is wholly-owned by MH; and (iii) MH is owned as to 35.4% by Ong Jen (Wang Zhen) and 35.4% by Ong Sek Hian (Wang Shixian). Therefore, each of FM, CI, MCH, MH, Ong Jenn (Wang Zhen) and Ong Sek Hian (Wang Shixian) is interested in the shares in which JP is interested under the SFO.
6. Based on the form of disclosure of interest filed by 中國華融資產管理股份有限公司 (transliterated in English as China Huarong Asset Management Company Limited, “**CHAMC**”) dated 6 December 2018, CHIH is owned as to approximately 88.10% by HREC, which, in turn, is wholly-owned by CHAMC. Each of CHAMC and HREC is therefore deemed to be interested in the shares in which CHIH is interested under the SFO.
7. These percentages are calculated on the basis of 3,568,790,629 shares in issue as of 30 June 2024.
8. The letter “L” denotes the person’s long position in such shares and the underlying shares.

Save as disclosed above, as at 30 June 2024, the Company has not been notified of any other interests or short positions in the shares or underlying shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

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

Listing Rule 3.10(1) stipulates that every board of directors of a listed issuer must include at least three independent non-executive directors. Listing Rule 3.10A stipulates that an issuer must appoint independent non-executive directors representing at least one-third of the board. 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.

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 Mr. Neil Gu and Mr. Tang Ping Sum, the Code Provision A.5.1 is not complied.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

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. The Company is currently attending to the queries of the Stock Exchange with regards to the Resumption Proposal.

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.

ACKNOWLEDGEMENT

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

By Order of the Board

KEYNE LTD

Yu Chao

Executive Director and Chief Executive Officer

Hong Kong, 30 September 2025