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Golden Century International Holdings Group Limited

金禧國際控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 91)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the “**Board**”) of Golden Century International Holdings Group Limited (the “**Company**”) hereby presents the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 (the “**Period**”).

HIGHLIGHTS

- The unaudited consolidated revenue of the Company increased to approximately HK\$11,979,000 which is approximately three times more than that for the corresponding period in 2020.
- For the six months ended 30 June 2021, the Group recorded a loss after tax of approximately HK\$29,041,000, representing a decrease of approximately 37.22% as compared with that for the same period last year.
- For the six months ended 30 June 2021, the loss per share was approximately HK2.58 cents as compared to the loss per share of approximately HK6.26 cents in the same period last year.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Unaudited	
		Six months ended	
		30 June	30 June
		2021	2020
	Notes	HK\$'000	HK\$'000
Revenue	3	11,979	2,978
Cost of sales		<u>(3,345)</u>	<u>(2,541)</u>
Gross profit		8,634	437
Other income		3,170	91
Other gains and losses		24,608	13,370
Administrative expenses		(33,174)	(23,513)
Amortisation of production sharing contract		<u>(2,367)</u>	<u>(2,538)</u>
Profit (loss) from operations		871	(12,153)
Finance costs	4	<u>(30,425)</u>	<u>(30,826)</u>
Loss before tax	5	(29,554)	(42,979)
Income tax	6	<u>513</u>	<u>(3,283)</u>
Loss for the period		<u>(29,041)</u>	<u>(46,262)</u>
Attributable to:			
Owners of the Company		(29,077)	(46,110)
Non-controlling interests		<u>36</u>	<u>(152)</u>
		<u>(29,041)</u>	<u>(46,262)</u>
Loss per share	8		
Basic and diluted (<i>HK cents per share</i>)		<u>(2.58)</u>	<u>(6.26)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2021

	Unaudited	
	Six months ended	
	30 June	30 June
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	<u>(29,041)</u>	<u>(46,262)</u>
Other comprehensive (expenses) income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(1,870)</u>	<u>2,117</u>
Other comprehensive (expenses) income for the period, net of income tax	<u>(1,870)</u>	<u>2,117</u>
Total comprehensive expenses for the period	<u><u>(30,911)</u></u>	<u><u>(44,145)</u></u>
Attributable to:		
Owners of the Company	<u>(30,947)</u>	(43,993)
Non-controlling interests	<u>36</u>	<u>(152)</u>
	<u><u>(30,911)</u></u>	<u><u>(44,145)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Non-current assets			
Property, plant and equipment		116,953	109,118
Right-of-use assets		28,944	34,916
Intangible assets	9	83,640	84,966
Goodwill		308	308
Rental deposit		3,082	2,259
		232,927	231,567
Current assets			
Inventory		943	785
Financial assets at fair value through profit or loss		51	4,458
Trade and other receivables	10	212,095	79,250
Cash and bank balances		35,057	34,411
Cash held on behalf of clients	11	18,297	11,437
		266,443	130,341
Current liabilities			
Amounts due to other financial institutions	12	187,705	–
Other borrowing, unsecured		11,895	11,749
Trade and other payables	13	64,457	113,917
Lease liabilities		9,647	9,995
Tax payables		5,466	5,450
Contract liabilities		281	278
Convertible notes – liabilities portion	14	230,348	311,945
Convertible notes – embedded derivatives	14	13,137	46,234
		522,936	499,568
Net current liabilities		(256,493)	(369,227)
Total assets less current liabilities		(23,566)	(137,660)

		Unaudited	Audited
		30 June	31 December
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current liabilities			
Other payables	13	18,236	17,799
Bonds		9,997	9,996
Lease liabilities		19,574	24,087
Loan from ultimate holding company		107,560	107,655
Loan from ultimate controlling party		69,070	68,220
Deferred tax liabilities		17,318	17,691
		<u>241,755</u>	<u>245,448</u>
Net liabilities		<u>(265,321)</u>	<u>(383,108)</u>
Capital and reserves			
Share capital	15	2,224,330	2,075,632
Reserves		(2,484,838)	(2,453,891)
Capital deficiency attributable to owners of the Company		(260,508)	(378,259)
Non-controlling interests		(4,813)	(4,849)
Capital deficiency		<u>(265,321)</u>	<u>(383,108)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). It is authorised for issue on 27 August 2021.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that become effective for the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2 to the condensed consolidated financial statement.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim results announcement contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant for the understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated financial statements and notes thereto do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”).

Going concern basis

The Group incurred a net loss attributable to owners of the Company of approximately HK\$29,077,000 for the six months ended 30 June 2021, and as at 30 June 2021, the Group’s total liabilities exceeded its total assets by approximately HK\$265,321,000 and capital deficiency attributable to owners of the Company amounted to approximately HK\$260,508,000.

The directors of the Company (the “Directors”) are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future, after taking into consideration of the following:

- (i) as at 30 June 2021, the Company has drawn down loans of HK\$97,500,000 and undrawn loan facilities of HK\$102,500,000 granted by Century Gold Millennium International Holdings Group Limited (“Ultimate Holding Company”) with interest payables of HK\$10,060,000, which is provided on a subordinated basis. The Ultimate Holding Company will not demand the Company for repayment of such loans nor cancel the undrawn loan facilities until all other liabilities of the Group have been satisfied;
- (ii) in addition to the loan facilities stated above, Mr. Pan Jibiao, the ultimate controlling party of the Company (“the Ultimate Controlling Party”) and the Ultimate Holding Company have also undertaken to provide adequate funds to enable the Group to meet in full its financial obligations when they fall due in the foreseeable future;
- (iii) for the loans provided to the Company in a principal amount of RMB54,000,000 (equivalent to approximately HK\$64,932,000) with interest payables of RMB3,441,000 (equivalent to approximately HK\$4,138,000) for the six months ended 30 June 2021, the Ultimate Controlling Party will not demand repayment until all other liabilities of the Group have been satisfied;

- (iv) for the convertible notes with an aggregate principal amount of HK\$240,000,000 held by the Ultimate Holding Company as at 30 June 2021 which will mature on 31 December 2021, the Ultimate Holding Company has undertaken that it will not demand for repayment after maturity until all other liabilities of the Group have been satisfied;
- (v) the Group will seek to obtain additional financing including but not limited to open offer, placing of the new shares and issuance of bonds; and
- (vi) the Directors will continue to implement measures aiming at improving the working capital and cash flows of the Group, including close monitoring of general administrative expenses and operating costs.

The Directors have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the reporting date taking into account the impact of above measures. The Directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the reporting date and, accordingly, are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these potential adjustments has not been reflected in the condensed consolidated financial statements.

The financial information relating to the year ended 31 December 2020 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to the statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company's auditor has reported on those financial statements. The auditor's report was unmodified, including reference to the matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than the changes in accounting policies resulting from the application of amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Company's condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

An analysis of the amount of revenue from each category of principal activities during the period is as follows:

	Unaudited	
	Six months ended	
	30 June	30 June
	2021	2020
	HK\$'000	HK\$'000
Sale of electronic components	807	2,978
Financial business		
– Consultancy and referral income	1,941	–
– Brokerage commission income	2,548	–
– Interest income from IPO financing	336	–
Wealth management		
– Commission income from insurance brokerage	4,065	–
Comprehensive healthcare		
– Sales of meltblown fabrics and related equipment and raw material	2,282	–
	<u>11,979</u>	<u>2,978</u>

(b) Segment information

The Group manages its business by divisions, which are organised by business lines, in a manner consistent with the way in which information is reported internally to the Group's most senior executive management, who are also the executive directors of the Company, for the purpose of resources allocation and performance assessment. The Group has identified the following six reportable segments. The corresponding segment information for the six months ended 30 June 2020 has been restated as the management revisited the reportable segments and the Group's internal reporting by managing its business for the year ended 31 December 2020. The treasury segment disclosed in the Company's condensed consolidated financial statements for the six months ended 30 June 2020 has been restated as financial business segment and proprietary investment segment.

Industrial sector

- Electronics components
- Coalbed methane
- Comprehensive healthcare

Financial sector

- Financial business (i.e. securities brokerage, money lending, consultancy and referral service)
- Wealth management
- Proprietary investment (i.e. securities trading)

Six months ended 30 June 2021 (Unaudited)

	Industrial sector			Financial sector			Total HK\$'000
	Electronic components HK\$'000	Coalbed methane HK\$'000	Comprehensive healthcare HK\$'000	Financial business HK\$'000	Wealth management HK\$'000	Proprietary investment HK\$'000	
Recognised at a point in time	807	-	2,282	2,548	-	-	5,637
Recognised over time	-	-	-	1,941	4,065	-	6,006
Recognised from other sources	-	-	-	336	-	-	336
Reportable segment revenue from external customers	807	-	2,282	4,825	4,065	-	11,979
Reportable segment results	(735)	(14,182)	864	(888)	3,458	33	(11,450)
Amortisation of production sharing contract	-	2,367	-	-	-	-	2,367
Depreciation of property, plant and equipment and right-of-use assets	147	4,283	339	903	16	-	5,688
Gain on fair value change of convertible notes – embedded derivatives	-	(21,851)	-	-	-	-	(21,851)
Interest expenses	-	-	-	186	-	21	207
Gain on disposal of financial assets at fair value through profit or loss	-	-	-	-	-	(27)	(27)
Other income	(2)	(21)	(1,034)	(15)	-	(20)	(1,092)
Net loss on revaluation of financial asset at fair value through profit or loss	-	-	-	-	-	8	8
Imputed interest on convertible notes	-	27,517	-	-	-	-	27,517
Imputed interest on lease liabilities	4	16	-	80	-	-	100
Write-off of property, plant and equipment	-	112	-	-	-	-	112
Gain on disposal of property, plant and equipment	-	-	-	-	-	(53)	(53)

Six months ended 30 June 2020 (Unaudited)

	Industrial sector		Financial sector		Total <i>HK\$'000</i>
	Electronic components <i>HK\$'000</i>	Coalbed methane <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Proprietary investment <i>HK\$'000</i>	
Recognised at a point in time	2,978	–	–	–	2,978
Recognised over time	–	–	–	–	–
Reportable segment revenue from external customers	2,978	–	–	–	2,978
Reportable segment results	(380)	(16,355)	(1,490)	(4,524)	(22,749)
Amortisation of production sharing contract	–	2,538	–	–	2,538
Depreciation of property, plant and equipment and right-of-use assets	147	3,990	218	–	4,355
Gain on fair value change of convertible notes – embedded derivatives	–	(19,722)	–	–	(19,722)
Interest expenses	15	24,854	9	981	25,859
Loss on disposal of financial assets at fair value through profit or loss	–	–	–	3,425	3,425
Other income	(33)	(4)	(4)	–	(41)

There was no inter-segment sales for both periods.

4. FINANCE COSTS

	Unaudited	
	Six months ended 30 June 2021 <i>HK\$'000</i>	30 June 2020 <i>HK\$'000</i>
Imputed interest on bond	349	445
Imputed interest on convertible notes	27,517	24,817
Imputed interest on lease liabilities	2,287	113
Interest on borrowings	65	1,741
Interest on loan from the Ultimate Controlling Party	–	223
Interest on loan from the Ultimate Holding Company	–	3,487
Interest on IPO financing	207	–
	30,425	30,826

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Unaudited	
	Six months ended	
	30 June	30 June
	2021	2020
	HK\$'000	HK\$'000
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	15,011	9,648
Contributions to defined contribution retirement plans	386	601
Total staff costs	<u>15,397</u>	<u>10,249</u>
Cost of inventories recognised as expenses	2,752	2,541
Depreciation of property, plant and equipment and right-of-use assets	11,401	5,571
Lease payments for short term lease not included in the measurement of lease liabilities	220	640

6. INCOME TAX

	Unaudited	
	Six months ended	
	30 June	30 June
	2021	2020
	HK\$'000	HK\$'000
Current tax		
People's Republic of China (the "PRC") Enterprise Income Tax	78	60
Deferred tax		
Current period (<i>note (c)</i>)	(591)	3,223
Income tax (credit) expense	<u>(513)</u>	<u>3,283</u>

Notes:

- (a) Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the condensed consolidated financial statements. Thus, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

- (b) The Group's subsidiaries in the PRC are subject to PRC Enterprise Income Tax rate of 25% (2020: 25%) for the six months ended 30 June 2021.
- (c) Deferred tax arising from the reversal of the temporary difference arising from the amortisation of the intangible assets in respect of production sharing contract amounted to approximately HK\$591,000 in 2021.

Deferred tax arising from the reversal of the temporary difference related to revaluation and disposal of financial assets at fair value through profit or loss amounted to approximately HK\$3,857,000 and the reversal of the temporary difference arising from the amortisation of the intangible assets in respect of production sharing contract amounted to approximately HK\$634,000 in 2020.

7. DIVIDEND

No dividend was paid, declared or proposed during the interim period (2020: Nil). The Directors have determined that no dividend will be paid in respect of the interim period (2020: Nil).

8. LOSS PER SHARE

(a) Basic loss per share

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

	Unaudited	
	Six months ended	
	30 June	30 June
	2021	2020
	HK\$'000	HK\$'000
<i>Loss for the purpose of basic loss per share</i>		
Loss for the period attributable to owners of the Company	<u>(29,077)</u>	<u>(46,110)</u>
<i>Weighted average number of ordinary shares for the purpose of basic loss per share</i>	<u>1,128,581,260</u>	<u>736,449,385</u>

(b) Diluted loss per share

No adjustment was made in calculating diluted loss per share for both periods as the conversion of convertible notes would result in decrease in loss per share. Accordingly, the diluted loss per share is the same as the basic loss per share.

9. INTANGIBLE ASSETS

	Production sharing contract ("PSC") HK\$'000	Trading right HK\$'000	Total HK\$'000
Cost			
At 1 January 2020	3,689,030	–	3,689,030
Addition through acquisition of a subsidiary	–	1,000	1,000
Exchange adjustment	230,209	–	230,209
	<u>3,919,239</u>	<u>1,000</u>	<u>3,920,239</u>
At 31 December 2020 and 1 January 2021	3,919,239	1,000	3,920,239
Exchange adjustment	48,819	–	48,819
	<u>3,968,058</u>	<u>–</u>	<u>3,969,058</u>
At 30 June 2021	3,968,058	–	3,969,058
Accumulated amortisation and impairment			
At 1 January 2020	3,594,279	–	3,594,279
Charge for the year	5,035	–	5,035
Impairment loss	11,376	–	11,376
Exchange adjustment	224,583	–	224,583
	<u>3,835,273</u>	<u>–</u>	<u>3,835,273</u>
At 31 December 2020 and 1 January 2021	3,835,273	–	3,835,273
Charge for the period	2,367	–	2,367
Exchange adjustment	47,778	–	47,778
	<u>3,885,418</u>	<u>–</u>	<u>3,885,418</u>
At 30 June 2021	3,885,418	–	3,885,418
Carrying amount			
At 30 June 2021 (Unaudited)	<u>82,640</u>	<u>1,000</u>	<u>83,640</u>
At 31 December 2020 (Audited)	<u>83,966</u>	<u>1,000</u>	<u>84,966</u>

The PSC is amortised on straight-line basis over the remaining contract terms of 17.4 years (31 December 2020: 17.9 years) of the PSC.

10. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Trade receivables from:		
Electronic components	14,637	14,870
Financial business		
– Consultancy and referral service		
– Referral services	782	118
– Securities brokerage		
– Broker	90	122
Wealth management	413	1,425
Comprehensive healthcare	2,560	59,501
	<u>18,482</u>	<u>76,036</u>
Less: Impairment allowance (<i>note (a)</i>)	<u>(14,472)</u>	<u>(14,472)</u>
	4,010	61,564
Financial business		
– Securities brokerage		
– Cash clients (<i>note (c)</i>)	195,348	2,053
– Margin clients (<i>note (d)</i>)	142	–
	<u>195,490</u>	<u>2,053</u>
	<u>199,500</u>	<u>63,617</u>
Other receivables	7,734	8,172
Deposits and prepayments	7,943	9,720
	<u>15,677</u>	<u>17,892</u>
	<u>215,177</u>	<u>81,509</u>
Analysed for reporting purpose as:		
Non-current assets	3,082	2,259
Current assets	212,095	79,250
Total	<u>215,177</u>	<u>81,509</u>

Notes:

(a) Impairment allowance

At 30 June 2021, the Group's trade receivables of approximately HK\$14,472,000 (31 December 2020: approximately HK\$14,472,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and the management of the Group assessed that it is highly unlikely that the receivables can be recovered. The Group does not hold any collateral over the trade receivable balances.

(b) Ageing analysis of trade receivables

The ageing analysis of the trade receivables of the Group, based on the dates of the invoices and net of impairment allowance, is as follows:

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
0–45 days	1,223	61,104
46–90 days	19	180
91–365 days	2,579	280
Over 365 days	<u>14,661</u>	<u>14,472</u>
	18,482	76,036
Less: Impairment allowance	<u>(14,472)</u>	<u>(14,472)</u>
	<u>4,010</u>	<u>61,564</u>

The credit terms granted to trade receivables in respect of sale of electronic components are due within 45 days from the date of billing.

- (c) For trade receivables from cash clients, it normally takes two days to settle after trade date of securities transactions. These outstanding unsettled trades due from clients are reported as trade receivables from clients.

Included in trade receivables from cash clients, the amount of approximately HK\$194,516,000 is related to the IPO share subscriptions which has been subsequently settled.

In the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of this business, therefore, no ageing analysis is disclosed.

- (d) No ageing analysis of trade receivables from margin clients is disclosed as, in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of this business.

- (e) Ageing of trade receivables which are past due but not impaired

As at 30 June 2021, trade receivables of approximately HK\$2,787,000 (31 December 2020: approximately HK\$460,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and a substantial portion of the carrying amount is subsequently settled. The Group does not hold any collateral as security over these customers. The ageing analysis of the trade receivables which are past due but not impaired is as follows:

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
0–45 days	19	180
46–90 days	2,579	280
Over 90 days	<u>189</u>	<u>–</u>
	<u>2,787</u>	<u>460</u>

11. CASH HELD ON BEHALF OF CLIENTS

The Group maintains separate trust accounts with licensed banks to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under current assets and recognised the corresponding accounts payable to respective clients as stipulated under the Hong Kong Securities and Futures Ordinance ("SFO"). The Group is not allowed to use the clients' monies to settle its own obligations under the SFO.

12. AMOUNTS DUE TO OTHER FINANCIAL INSTITUTIONS

Amounts due to other financial institutions include two securities brokerage firms as at 30 June 2021. The balance is related to the margin financing of the IPO share subscriptions which has been subsequently settled.

13. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Trade payables for:		
Electronic components	284	819
Wealth management	301	196
Financial business		
– Securities brokerage		
– Clearing house	–	107
Comprehensive healthcare	12,641	54,770
	<u>13,226</u>	<u>55,892</u>
Financial business		
– Securities brokerage		
– Cash clients (<i>note (a)</i>)	17,803	11,433
– Margin clients	174	–
	<u>31,203</u>	<u>67,325</u>
Total trade payables		
Other payables (<i>note (c)</i>)	28,388	33,318
Amounts due to non-controlling interests of a subsidiary	17,134	16,697
Accrued expenses	5,968	14,376
	<u>51,490</u>	<u>64,391</u>
Total other payables and accruals		
Total trade payables, other payables and accruals	<u><u>82,693</u></u>	<u><u>131,716</u></u>
Analysed for reporting purpose as:		
Non-current liabilities	18,236	17,799
Current liabilities	64,457	113,917
	<u>82,693</u>	<u>131,716</u>
Total	<u><u>82,693</u></u>	<u><u>131,716</u></u>

Notes:

- (a) Trade payables to securities brokerage clients represent the monies received from and repayable to brokerage clients in respect of the trust and separate bank balances received and held for clients in the course of the conduct of the Group's regulated activities.

In the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of this business; therefore, no ageing analysis is disclosed.

- (b) The ageing analysis of the remaining trade payables of the Group, based on the dates of the invoices, is as follows:

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Current – within 1 month	170	55,229
More than 1 month but within 3 months	115	432
More than 3 months but within 6 months	12,755	59
More than 6 months	186	172
	<hr/> 13,226 <hr/>	<hr/> 55,892 <hr/>

- (c) Other payables include approximately RMB4,148,000 (equivalent to approximately HK\$4,988,000) of engineering fees payable to creditors in the PRC, approximately RMB3,978,000 (equivalent to approximately HK\$4,783,000) of amount payable to China United Coalbed Methane Corporation Limited ("China United"), approximately HK\$1,102,000 of the provision for reinstatement costs and HK\$2,340,000 of deposits received from a major customer in electronics components business.

14. CONVERTIBLE NOTES, UNSECURED

On 6 November 2018, the Company issued new convertible notes with principal amount of HK\$365,000,000 ("Existing Convertible Notes") to New Alexander Limited ("New Alexander"), which is an independent third party of the Group.

The initial conversion price of the Existing Convertible Notes was HK\$0.16 (subject to adjustments at any time during the period, commencing from the issue date), the Existing Convertible Notes bear interest at the coupon rate of 2% per annum, payable semi-annually in arrears on 30 June and 31 December in each year, and will mature on 31 December 2021. The holder of the Existing Convertible Notes shall have the right to convert the whole or any part of the principal amount of the Existing Convertible Notes into ordinary shares of the Company, at any time between the date of issue of the Existing Convertible Notes and 31 December 2021.

The conversion price of the Existing Convertible Notes was adjusted to HK\$0.14 per share on 17 August 2019 and to HK\$0.12 per share on 1 October 2019 upon completion of rights issue and bonus issue of warrants.

The Existing Convertible Notes contain two components, liability and embedded derivatives. The liability component is classified as current liabilities and carried at amortised cost using the effective interest method. The embedded derivatives component is classified as current liabilities and carried at fair value. The effective interest rate of the liability component for the Existing Convertible Notes is 19.39% per annum.

The fair value of the embedded derivatives portion of the convertible notes that are not traded in active markets is determined using valuation techniques. The Group estimates the fair value of the embedded derivatives portion based on an independent professional valuation using the binomial lattice model, which requires various sources of information and assumptions. The inputs to this model are taken from observable markets, but where this is not feasible, a degree of judgement is required in establishing the fair value.

On 30 September 2019, the Ultimate Holding Company and New Alexander entered into the Convertible Notes Transfer Agreement, pursuant to which the Ultimate Holding Company conditionally agreed to acquire and New Alexander conditionally agreed to sell the Existing Convertible Notes in the aggregate outstanding principal amount of HK\$365,000,000, which were then convertible into a total of 3,041,666,666 new shares upon full conversion at the conversion price of HK\$0.12 per share, at a total consideration of HK\$310,250,000.

The Existing Convertible Notes in the aggregate outstanding principal amount of HK\$105,000,000 and HK\$260,000,000 were transferred to the Ultimate Holding Company on 12 November 2019 and 1 April 2020 respectively.

On 30 June 2020, the Existing Convertible Notes with the principal amount of HK\$10,000,000 were converted into 83,333,333 ordinary shares.

On 9 June 2021, the Existing Convertible Notes with the principal amount of HK\$115,000,000 were converted into 958,333,333 ordinary shares.

The movements of the embedded derivatives portion (at fair value) and liability portion (at amortised cost) of the Existing Convertible Notes are as follows:

Existing Convertible Notes due on 31 December 2021

	Embedded derivatives portion <i>HK\$'000</i>	Liability portion <i>HK\$'000</i>	Total <i>HK\$'000</i>
Carrying amount of convertible notes (with principal amount of HK\$365,000,000) as at 31 December 2019 and 1 January 2020	110,348	268,607	378,955
Imputed interest charged to condensed consolidated statement of profit or loss	–	51,478	51,478
Decrease in fair value credited to condensed consolidated statement of profit or loss	(61,599)	–	(61,599)
Conversion of convertible notes (with principal amount of HK\$10,000,000)	(2,515)	(8,040)	(10,555)
Interest payable on convertible notes converted	–	(100)	(100)
	<hr/>	<hr/>	<hr/>
Carrying amount of convertible notes (with principal amount of HK\$355,000,000) as at 31 December 2020 (Audited)	46,234	311,945	358,179
Imputed interest charged to condensed consolidated statement of profit or loss	–	27,517	27,517
Decrease in fair value credited to condensed consolidated statement of profit or loss	(21,851)	–	(21,851)
Conversion of convertible notes (with principal amount of HK\$115,000,000)	(11,246)	(108,112)	(119,358)
Interest payable on convertible notes converted	–	(1,002)	(1,002)
	<hr/>	<hr/>	<hr/>
Carrying amount of convertible notes (with principal amount of HK\$240,000,000) as at 30 June 2021 (Unaudited)	<u>13,137</u>	<u>230,348</u>	<u>243,485</u>

At 30 June 2021, Existing Convertible Notes with principal amount of HK\$240,000,000 remained outstanding.

15. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Issued and fully paid:		
At 1 January 2020	729,792,904	2,060,115
Issue of shares upon conversion of convertible notes (note 14)	83,333,333	10,555
Issue of shares upon exercise of warrants (note (a))	124,045,930	4,962
	<hr/>	<hr/>
At 31 December 2020 and 1 January 2021 (Audited)	937,172,167	2,075,632
Issue of shares upon placement (note (b))	149,691,195	29,340
Issue of shares upon conversion of convertible notes (note 14)	958,333,333	119,358
	<hr/>	<hr/>
At 30 June 2021 (Unaudited)	<u>2,045,196,695</u>	<u>2,224,330</u>

Notes:

(a) Issue of shares upon exercise of warrants

On 16 October 2019, the Company issued a total of 143,755,385 bonus warrants (“2019 Warrants”) on the basis of one bonus warrant for every five shares of the Company held by the shareholders on 30 September 2019. The holders of these 2019 Warrants were entitled to subscribe in cash at any time during the period commencing from 16 October 2019 to 15 October 2020 (both dates inclusive) for 143,755,385 new ordinary shares at an initial subscription price of HK\$0.04 per share (subject to adjustment).

During the year ended 31 December 2020, 124,045,930 ordinary shares were issued for cash at the subscription price of HK\$0.04 per share pursuant to the exercise of the 2019 Warrants. There were no warrants outstanding as at 31 December 2020 as all then outstanding 2019 Warrants had lapsed on 15 October 2020.

(b) Placing of new shares under general mandate

On 25 March 2021, the placing of the 149,691,195 shares of the Company at a placing price HK\$0.2 per share was completed with net proceeds of approximately HK\$29,340,000 raised.

16. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding as at 30 June 2021 not provided for in the condensed consolidated financial statements were as follows:

	Unaudited	Audited
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Contracted but not provided for		
Production sharing contract (<i>note</i>)	12,147	16,863

Note: In addition to the above, Canada Can-Elite Energy Limited (“Can-Elite”), a wholly-owned subsidiary of the Company, entered into the Fifth Modification Agreement with China United regarding the modified PSC on 10 August 2020. Pursuant to the Fifth Modification Agreement, the exploration period applied to Area A (part of Luling Block with an area of 23.686 square kilometres that has its proven reserves submitted) shall begin from the date of commencement of the implementation of the contract, to the date of filing to the relevant authorities under the PRC government for the Overall Development Program. Further, the exploration period of Area B (primary part of Su’nan Block with an area of 544.157 square kilometres, with its proven reserve yet to be submitted) has been extended for two more years, from the original expiry date (being 31 March 2020) to 31 March 2022. During the extended exploration period, at least 17 wells are required to be completed in Area B with the performance of relevant exploration works such as fracturing, drainage and extraction. In order to complete the above exploration works Can-Elite is required to utilise at a minimum of RMB35,000,000 (equivalent to approximately HK\$42,086,000) equivalent in US dollars towards Area B, as the expected minimum exploration expenditure amount.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue in the Period was approximately HK\$11,979,000 (2020: approximately HK\$2,978,000), representing an increase of about 302.2% as compared with the same period last year. The increase was mainly attributed to the continuous development in the financial sector.

Gross Profit

The Group recorded a gross profit of approximately HK\$8,634,000 in the Period, which represented a significant increase as compared to approximately HK\$437,000 in the same period last year. The increase was mainly attributed to the contribution from the financial sector.

Other income

Other income amounted to approximately HK\$3,170,000 in the Period (2020: approximately HK\$91,000). The increase was mainly attributed to the rental income received from subletting business premises and gain on disposal of fixed assets.

Other Gains and Losses

The increase in the other gains and losses of approximately HK\$11,238,000, from approximately HK\$13,370,000 in the same period last year to approximately HK\$24,608,000 in the Period, was mainly caused by the increase in the gain on fair value change of convertible notes – embedded derivatives of approximately HK\$21,851,000 (2020: approximately HK\$19,722,000) and gain on disposal of financial assets through profit or loss of approximately HK\$27,000 (2020: loss of approximately HK\$3,425,000).

Administrative Expenses

The administrative expenses amounted to approximately HK\$33,174,000 in the Period (2020: approximately HK\$23,513,000). The increase was mainly caused by the increase in staff costs, rental expenses as well as the depreciation of property, plant and equipment and right-of-use assets.

Finance Costs

The finance costs incurred during the Period were approximately HK\$30,425,000 (2020: approximately HK\$30,826,000), which were imputed interest on convertible notes and interests on loan from other borrowings.

Loss for the Period

The significant decrease in the net loss as compared with the same period last year was mainly due to the combined effect of (i) an increase in revenue generated from financial and wealth management business and comprehensive healthcare business of the Group which are new segments not presented in the six months ended 30 June 2020; (ii) an increase in gain on fair value of convertible notes issued by the Company; (iii) an increase in other income and other gains and losses; (iv) a decrease in loss on proprietary investment business; and (v) an increase in administration expenses.

The Group recorded a loss attributable to the shareholders of the Company (the “**Shareholders**”) of approximately HK\$29,077,000 in the Period (2020: approximately HK\$46,110,000), and basic and diluted loss per share was approximately HK2.58 cents in the Period (2020: HK6.26 cents).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group’s cash and bank balances amounted to approximately HK\$35,057,000 (as at 31 December 2020: approximately HK\$34,411,000), which were mainly denominated in Hong Kong dollars and Renminbi. The net current liabilities of the Group were approximately HK\$256,493,000 (as at 31 December 2020: the net current liabilities of approximately HK\$369,227,000). As at 30 June 2021, the Group had bonds of approximately HK\$9,997,000 (as at 31 December 2020: approximately HK\$9,996,000), loan from the Ultimate Holding Company of approximately HK\$107,560,000 (as at 31 December 2020: approximately HK\$107,655,000), loan from the Ultimate Controlling Party of approximately HK\$69,070,000 (as at 31 December 2020: approximately HK\$68,220,000) and convertible loan (liability and embedded derivatives portion) of approximately HK\$243,485,000 (as at 31 December 2020: approximately HK\$358,179,000).

GEARING RATIO

As at 30 June 2021, the Group had total assets amounting to approximately HK\$499,370,000 (as at 31 December 2020: approximately HK\$361,908,000) and total liabilities of approximately HK\$764,691,000 (as at 31 December 2020: approximately HK\$745,016,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 153.13% as at 30 June 2021 (as at 31 December 2020: approximately 205.86%).

CAPITAL STRUCTURE

As at 30 June 2021, the Group had capital deficiency attributable to the Shareholders of approximately HK\$260,508,000 (as at 31 December 2020: approximately HK\$378,259,000).

The Group has managed to improve its financial position. In March 2021, the Group has entered into a placing agreement with an independent financial institution to raise fund of approximately HK\$29.3 million by issuance of shares under general mandate. For details, please refer to the announcements of the Company dated 15 March 2021 and 25 March 2021. The Group will continue improving its financial position by various ways, including but not limited to effective cost control, fund raising activities, etc.

Convertible Notes

On 24 August 2018, the Company entered into the convertible notes restructuring agreement with New Alexander Limited (“**New Alexander**”), pursuant to which New Alexander agreed to a consensual restructuring of its rights and obligations under the existing convertible notes with due date on 31 December 2018 (the “**Convertible Notes Restructuring Agreement**”). Upon completion of the stipulated conditions precedent to the Convertible Notes Restructuring Agreement, new convertible notes with due date on 31 December 2021 would be issued for the settlement of the existing convertible notes. Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 30 October 2018, the special mandate for the issue of the new convertible notes with principal amount of HK\$365,000,000 and bearing interest at 2% per annum with due date on 31 December 2021 (the “**Convertible Notes**”) upon completion of the Convertible Notes Restructuring Agreement and issue and allotment of the conversion shares were approved. All the conditions precedent under the Convertible Notes Restructuring Agreement were fulfilled and the completion took place on 6 November 2018.

On 30 September 2019, the Ultimate Holding Company as purchaser and New Alexander as vendor entered into a transfer agreement dated 30 September 2019 (the “**CN Transfer Agreement**”) in relation to the transfer of the Convertible Notes, pursuant to which the Ultimate Holding Company conditionally agreed to acquire, and New Alexander conditionally agreed to sell, the Convertible Notes issued by the Company in the aggregate outstanding principal amount of HK\$365,000,000, which are convertible into a total of 3,041,666,666 new shares upon full conversion at the conversion price of HK\$0.12 per share, at a total consideration of HK\$310,250,000 (equivalent to approximately HK\$0.102 per share of the Company). Completion of the transactions under the CN Transfer Agreement took place on 1 April 2020. During the Period, the Convertible Notes with the principal amount of HK\$115,000,000 were converted into 958,333,333 shares and the principal amount of HK\$240,000,000 remained outstanding as at 30 June 2021.

During the Period, the Group generally financed its operations from net proceeds from issuance of shares under general mandate and cash flow from various operations.

DIVIDEND

The Board does not recommend any payment of dividend in the Period (2020: Nil).

COMMITMENTS

Details of the commitments of the Group are set out in note 16 to the condensed consolidated financial statements.

TREASURY POLICY

The Group mainly operates in Hong Kong and the People's Republic of China (the "PRC") with most of the transactions settled in Hong Kong dollars, Renminbi and United States dollars. Since the existing currency peg of Hong Kong dollars with United States dollars will likely continue in the near future, the exposure to foreign exchange fluctuation is minimal.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENCIES

The Group did not have any significant contingency as at 30 June 2021.

CHARGES ON ASSETS

As as 30 June 2021, the Group had no charges on assets.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed under the section "BUSINESS REVIEW – INDUSTRIAL SECTOR – (a) CBM Business" of this announcement, the Group had no other material event after the Period.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had 76 employees, of which 38 were in Hong Kong and 38 were in the PRC. Employee remuneration policy of the Group is reviewed periodically and is determined based on performance of the Group and employees' responsibilities, qualifications and performances. Remuneration packages comprised basic salary, discretionary bonus, medical schemes, share options, mandatory provident fund schemes for employees in Hong Kong and the state-managed employee pension schemes for employees in the PRC.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group had no material acquisitions and disposals during the Period.

BUSINESS REVIEW

As reported in the annual report of the Company for the year ended 31 December 2020 (“**2020 Annual Report**”), the Group aimed to build a global corporate platform with “industry + finance” as a dual driver approach. In addition to the core business of coalbed methane business exploration and production in the PRC, the Group has diversified its business to financial business and comprehensive healthcare business.

INDUSTRIAL SECTOR

The industrial sector comprises (a) coalbed methane (“**CBM**”) business; (b) comprehensive healthcare business; and (c) electronic components business.

(a) **CBM Business**

The Group, through its wholly-owned subsidiary, Canada Can-Elite Energy Limited (“**Can-Elite**”), entered into the production sharing contract (the “**PSC**”) with China United Coalbed Methane Corporation Limited (“**China United**”), a state-owned company which is wholly-owned by China National Offshore Oil Corporation authorised by the government of the People’s Republic of China (the “**PRC**” or “**China**”) to partner with foreign companies to explore, develop and produce CBM resources. Pursuant to the PSC, Can-Elite is the operator of the Anhui CBM assets and holds 70% of participating interests in the PSC for a term of 30 years starting from 2008.

The Group explores, develops and produces CBM in Anhui Province with a total exploration area of 567.843 square kilometres (the “**Contract Area**”). The Contract Area is divided into Area A (part of Luling Block with an area of 23.686 square kilometres that has its proven reserves submitted) (“**Area A**”) and Area B (primary part of Su’nan Block with an area of 544.157 square kilometres, its proven reserve yet to submitted). Area A can start production as soon as the overall development proposal (“**ODP**”) has been filed by relevant government authorities of the PRC.

Despite the fact that there is a gain on fair value change of the embedded derivative portion of the convertible notes of approximately HK\$21,851,000 in the Period (2020: approximately HK\$19,722,000), a loss of approximately HK\$14,182,000 (2020: approximately HK\$16,355,000) was recorded mainly due to the amortisation of the PSC of approximately HK\$2,367,000 (2020: approximately HK\$2,538,000), the imputed interest on convertible notes of approximately HK\$27,517,000 (2020: approximately HK\$24,817,000) and depreciation of property, plant and equipment and right-of-use assets of approximately HK\$4,283,000 (2020: approximately HK\$3,990,000).

As disclosed in the 2020 Annual Report, one new horizontal well was drilled in Area A during the year ended 31 December 2020. However, most of the preparatory and planning works for the CBM project were delayed due to various factors including the outbreak of COVID-19 pandemic and the identification of appropriate engineering team, and the CBM project was only able to officially resume development and exploration in November 2020.

Despite the unfavourable weather conditions in Huaibei area, technical issues and the impact of COVID-19 pandemic, the drilling of the new horizontal well in Area A was completed in March 2021.

On 4 August 2021, the horizontal well in Area A commenced to produce coalbed methane. As reported by the local exploration team of the Company, there is a sign showing that the volume of coalbed methane produced by the said horizontal well would increase gradually. The exploratory and production data obtained from the said horizontal well is important for the Company's preparation of the ODP report and the development of the CBM business.

The Group is in the process of performing all necessary work so that the ODP Report can be completed and submitted to the relevant government authorities as soon as possible. The Group is actively looking for qualified service providers that can help preparing and completing the ODP report. Up to the date of this announcement, the Group approached, and was in negotiation with, several ODP service providers for the preparation and completion of the ODP report.

In the meantime, the Group is actively seeking cooperation with neighbouring energy corporations for sharing key geographical data and engineering information to expedite the preparation of the ODP report.

In June 2021, China United entered into a letter of intent ("**Letter of Intent**") with a subsidiary of one of the largest trans-regional energy service enterprises in the PRC (the "**Cooperation Party**") for cooperation in respect of development and utilisation of coalbed methane from the Su'nán coalbed methane project of the Group in Anhui, the PRC. In accordance with the Letter of Intent, China United would supply the pilot production of gas from the Su'nán coalbed methane project to the Cooperation Party, subject to, among others, the development of a gas treatment centre near the said horizontal well by the Group and China United and the construction of the connecting pipeline network by the Cooperation Party. The Letter of Intent is not legally binding and enforceable and any further cooperation is subject to negotiation on the terms of the formal agreement among the parties. The local exploration team of the Company considered that the cooperation would provide an opportunity to start with initial commercial sales, so that it would help demonstrating the commerciality of the Su'nán coalbed methane project which would be conducive to the preparation of the ODP report.

If there is any update on further development of the business of the Group, the Company will keep the Shareholders and potential investors fully informed by way of publishing voluntary announcement(s).

(b) Comprehensive Healthcare Business

Since the outbreak of COVID-19 in early 2020, the global demand for personal protective gears and equipment has increased rapidly. In particular, the demand for meltblown fabrics used for the filtration layer in face masks had skyrocketed. In light of this, the Group officially embarked on the new business segment in manufacturing and selling medical devices and epidemic-prevention supplies and products in May 2020, and the management of the Group has proceeded to rename the categorised business as “Comprehensive Healthcare” with a view to further reflecting the business strategies of the Company thereafter.

During the Period, the Group derived revenue of approximately HK\$2,282,000 and a profit of approximately HK\$864,000 from this business, mainly from the sales of meltblown fabrics used for the filtration layer in face masks and sales of related raw materials.

Due to the stable situation of epidemic in the mainland China, the demand for meltblown fabrics, related equipment and raw materials has gradually decreased, and hence the Group has decelerated the development of its manufacture and distribution correspondingly during the Period. On the other hand, the Group has explored other opportunity to invest US\$300,000 into a fund which focuses on investment in pharmaceutical technology companies.

(c) Electronic Components Business

Due to the fact that the global consumables market has been sliding into a recession, the revenue generated from the electronic components segment dropped to approximately HK\$807,000 which represented a decrease of approximately 72.90% and recorded a loss of approximately HK\$735,000 (2020: loss of approximately HK\$380,000) when compared with the same period last year. In view of the stringent market situation, the Group will continue to monitor the development of this business and will not rule out the possibility of scaling down or even disposing of this business segment in the near future with an aim to concentrate available resources on the core business of the Group.

FINANCIAL SECTOR

The financial sector includes (a) financial business; (b) wealth management business; and (c) proprietary investment business. Members of the Group possesses Type 1, 2, 4, 5, 9 licenses within the meaning under the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong (“SFO”)), money lenders licence under Money Lenders Ordinance (Cap. 163 of the laws of Hong Kong) and insurance brokerage company licence within the meaning under the Insurance Ordinance (Cap. 41 of the laws of Hong Kong), so as to provide our customers with a one-stop financial and wealth management services. The Group has recruited qualified and experienced personnel during the Period.

The Group has held some conferences and sharing sessions with our customers under a brand name “禧聞樂道” to provide the latest market information to our customers. In addition to the subsidiary in Shenzhen, the Group has set up two subsidiaries in Changsha City, Hunan Province and Zhuhai City, Guangdong Province respectively to find out more new business opportunities and potential customers in the domestic market during the Period.

To cope with the requirement of additional high quality business projects, the Group signed a strategic cooperation agreement with 北京中企路演投資管理中心 (Beijing China Enterprise Roadshow Investment Management Center) (the English name is for identification only) in June 2021. Through large-scale venture investment activities, the Group expects to provide a platform for project resources, set up funds to acquire startup projects with growth potential, even expand the scale of domestic financial business and explore more new opportunities in cross-border finance and markets in Hong Kong and the PRC.

(a) Financial Business

The blazing Initial Public Offering market in the first half of 2021 provided a business opportunity to the Group. The financial business of the Group was at an early development stage for the Period, amid the financial market was volatile under the influence of the COVID-19 pandemic and Sino-US’s tension. During the Period, the financial business recorded a revenue of approximately HK\$4,825,000 (2020: Nil) and a loss of approximately HK\$888,000 (2020: loss of approximately HK\$1,490,000).

With the Group’s concerted effort and proactive development strategy, the Group held 1,544 client accounts (31 December 2020: 270) and client assets of approximately HK\$70.5 million (31 December 2020: approximately HK\$20 million) as at 30 June 2021.

(b) Wealth Management Business

Even though the border restriction between the PRC and Hong Kong has not yet been lifted, the business has recorded an encouraging development during the Period. During the Period, more insurance professionals were recruited by the Group to provide valuable wealth management and insurance solutions and advices to our customers. During the Period, the segment revenue and profit amounted to approximately HK\$4,065,000 (2020: Nil) and approximately HK\$3,458,000 (2020: Nil) respectively.

Since the promulgation of 粵港澳大灣區發展規劃綱要 (Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area) by the Government of Hong Kong in 2019, it was proposed to relax the restrictions for Hong Kong and mainland residents and institutions to make cross-border investment, and the Guangdong-Hong Kong-Macao Greater Bay Area (“**Greater Bay Area**”) inland cities set up insurance after-sales service centers. This measure greatly facilitates the Group’s business circulation in the two places. The Group believes that the relaxation of border restriction between the two places after the pandemic stabilises will further promote business development.

(c) Proprietary Investment Business

Under the impact of pandemic, tense Sino-US relations and global political uncertainty, the stock market remained volatile during the Period. Thus, The Group has adopted a more prudent approach in proprietary investment and recorded a profit of approximately HK\$33,000 during the Period (2020: loss of approximately HK\$4,524,000).

As at 30 June 2021, the Group did not hold any securities investments exceeding 5% of the total assets of the Group.

PROSPECTS

In the first half of 2021, the vaccine for COVID-19 became available and the economy has gradually seen signs of recovery. The Group actively seizes the opportunity of market recovery and continues to make a strategic layout with the principle of “industry + finance” to deepen the development of various businesses in order to capture the next economic rebound and get prepared for market opportunities.

The “14th Five-Year Plan” promulgated by the PRC authorities emphasises the active promotion of low-carbon and clean transformation to achieve the goal of carbon peak and carbon neutrality. As global warming and environmental problems become more and more serious, the public’s awareness of environmental protection is gradually increasing, and all sectors of society are also actively responding to the national policies. Coalbed methane is non-renewable clean energy that is of great concern to the country, and the Group does its part to increase its development in accordance with the national policy. With the smooth progress of coalbed methane exploration in Anhui’s Sunan in the first half of 2021, a more stable foundation will be established for future gas production. It is believed that even more outstanding results will be achieved in the second half of 2021. In the future, the Group will continue to closely follow the national plan for clean energy development, increase the exploration and development of coalbed methane project and make contributions to achieve the goal of carbon neutrality.

At the same time, in the post-epidemic era, although the infection rate has declined, the demand for surgical masks and personal protective equipment is still there. The Group will continue to pay close attention to the industry profile, strengthen the layout and make flexible counter-measures to cope with the unstable market situation and consolidate the development of the industrial sector of the Group’s business.

Looking forward to the second half of the year 2021, the outbreak of the pandemic in the PRC will gradually stabilise, and the relaxation of border restrictions between China and Hong Kong is expected to drive economic exchanges between the two places, which is expected to promote the development of the Group’s financial business. The Group will continue to optimise Hong Kong’s financial services and strategically deploy the domestic financial market in order to deepen and strengthen the linkage and cooperation between China and Hong Kong’s financial business, adhering to the purpose of “based on Hong Kong, connecting the mainland”, and promote the Group’s integration into the development pattern of the new economy. In addition, the Group will actively seize the opportunity of the gradual recovery of the economy and explore more projects with high investment value in the market.

In the future, the Group will continue to optimise its own operating performance, enhance its strength, seize new opportunities in the market, and continue to focus on the dual-wheel drive of “industry + finance” and the integration of industry and finance, and strive to become an excellent comprehensive enterprise which brings considerable returns to the shareholders of the Company.

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 2021, the interests and short positions of each Director and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) were as follows:

(i) Long positions in shares of the Company

Name of Director/ chief executive of the Company	Nature of interest	Number of ordinary shares	Number of underlying shares	Total	Approximate percentage of issued share capital of the Company (Note 1)
Pan Jibiao (Note 2)	Through a controlled corporation	1,505,604,864 (Note 2)	2,000,000,000 (Note 3)	3,505,604,864	171.41%

Notes:

- Based on 2,045,196,695 ordinary shares of the Company in issue as at 30 June 2021.
- These 1,505,604,864 ordinary shares of the Company are held by Century Gold Millennium International Holdings Group Limited, which is wholly owned by Mr. Pan Jibiao. Pursuant to the SFO, Mr. Pan Jibiao is deemed to be interested in these ordinary shares of the Company.
- These 2,000,000,000 underlying shares represents conversion shares at a conversion price of HK\$0.12 per share which may be issued and allotted upon full conversion of the convertible notes, and such conversion shares were issued by the Company and due in December 2021, with an outstanding principal amount of HK\$240,000,000 as at 30 June 2021.

(ii) Long position in shares of associated corporation

Name of Director/ chief executive of the Company	Name of associated corporation	Nature of interest	Number of shares	Percentage of shareholding interest
Pan Jibiao	Century Gold Millennium International Holdings Group Limited (<i>Note</i>)	Beneficial owner	1	100%

Note: Century Gold Millennium International Holdings Group Limited, a company incorporated in the British Virgin Islands, is the controlling shareholder of the Company.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (ii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, the interests and short positions of the substantial shareholders of the Company (other than the Directors and chief executive of the Company) in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be kept in the register under section 336 of the SFO were as follows:

Name of substantial shareholders	Nature of interest	Number of ordinary shares	Number of underlying shares	Total	Approximate percentage of issued share capital of the Company
Century Gold Millennium International Holdings Group Limited (<i>Note 2</i>)	Beneficial owner	1,505,604,864	2,000,000,000 (<i>Note 3</i>)	3,505,604,864	171.41%

Notes:

1. Based on 2,045,196,695 ordinary shares of the Company in issue as at 30 June 2021.
2. These 1,505,604,864 ordinary shares of the Company are held by Century Gold Millennium International Holdings Group Limited, which is wholly owned by Mr. Pan Jibiao.
3. These 2,000,000,000 underlying shares represents conversion shares at a conversion price of HK\$0.12 per share which may be issued and allotted upon full conversion of the convertible notes, and such conversion shares were issued by the Company and due in December 2021, with an outstanding principal amount of HK\$240,000,000 as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE

The Company had complied with the Corporate Governance Code (the “**CG Code**”) in Appendix 14 to the Listing Rules throughout the Period with the following major deviations:

(i) Chairman and Chief Executive Officer (Deviation from Code Provision A.2.1)

Under the code provision A.2.1, the roles of chairman and chief executive officer (“**CEO**”) should be separate and should not be performed by the same individual. The divisions of responsibilities between the chairman and CEO should be clearly established and set out in writing. During the Period, Mr. Pan Jibiao was the CEO of the Company and the chairman of the Board. This constitutes a deviation from the code provision A.2.1. However, the chairman of the Board and CEO, Mr. Pan Jibiao, who is also an executive Director, has led the Board and ensured that the Board works together as a group and that decisions of the Board are taken on a well-informed basis and in the best interest of the Company and all important issues are discussed in a timely manner. Mr. Pan Jibiao also manages the strategic development of business and operation of the Group while the Group develops its business with his leadership in the Board.

(ii) Non-executive directors (Deviation from Code Provision A.4.1)

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Mr. Chan Yim Por Bonnie, who resigned on 1 April 2021, was the only independent non-executive Director (“**INED**”) who was not appointed for a specific term which constitutes a deviation from the code provision A.4.1. Following the resignation of Mr. Chan Yim Por Bonnie on 1 April 2021, all non-executive directors (including the INEDs) entered into the service agreements with the Company for a term of three years.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted a code of conduct regarding the directors' securities transactions on exactly the terms and required standard contained in the Model Code as set out in Appendix 10 to the Listing Rules. Before the Group's interim results are announced, notifications are sent to the Directors to remind them not to deal in the securities of the Company during the blackout period. Having made specific enquiry of all the Directors, they confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the Period.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") approved by the shareholders of the Company on 11 November 2014, under which the Directors may, at their discretion, offer any eligible participants (including any Directors) of the Company or of any of its subsidiaries option(s) to subscribe for shares in the Company subject to the terms and conditions stipulated in the Scheme. For each lot of the share options granted, the participants will pay a nominal consideration of HK\$1. The period within which the Shares must be taken up under an option is determined by the Board from time to time, except that such period shall not exceed ten years from the date of grant of the options.

The exercise price of the share options is determinable by the Board, that it shall be at least the higher of (i) the closing price of the Shares on the Stock Exchange on the date of grant of share options; and (ii) the average closing price of the Shares on the Stock Exchange for the five business days immediately preceding the date of grant.

At the annual general meeting of the Company held on 7 June 2017, an ordinary resolution was passed refreshing the scheme mandate limit. The maximum number of shares of the Company issuable upon exercise of all share options granted and to be granted under the Scheme is an amount equivalent to 10% of the Shares in issue as at 7 June 2017. This limit can further be refreshed by the Shareholders in a general meeting in accordance with the provisions of the Listing Rules. The maximum number of shares issuable under share options granted to each eligible participant under the Scheme within any twelve-month period, is limited to 1% of the Shares in issue at any time. Any further grant of share options in excess of this limit is subject to the shareholders' approval in a general meeting.

There were no share options granted and exercised during the Period. There were no share options outstanding as at 30 June 2021.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the Period have been reviewed by the audit committee of the Company (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules and the relevant code provisions of the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee comprises all the INEDs including Mr. Yeung Chi Wai, Mr. Lai Kin Keung and Mr. Wong Man Hung Patrick.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express my sincere thanks to our shareholders for their support and to our staff for their contributions and diligence during the Period.

By order of the Board
Golden Century International Holdings Group Limited
Pan Jibiao
Chairman and Chief Executive Officer

Hong Kong, 27 August 2021

As at the date of this announcement, the executive Directors are Mr. Pan Jibiao (Chairman and Chief Executive Officer) and Ms. Shao Yanxia, the non-executive Director is Mr. Shiu Shu Ming, and the independent non-executive Directors are Mr. Lai Kin Keung, Mr. Yeung Chi Wai and Mr. Wong Man Hung Patrick.