

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



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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Board of Directors (the “**Board**” or “**Directors**”) of Golden Century International Holdings Group Limited (the “**Company**”) hereby announces the results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	3	69,766	7,587
Cost of sales		(64,615)	(6,747)
Gross profit		5,151	840
Other income		3,457	591
Other gains and losses	4	72,412	29,889
Administrative expenses		(63,081)	(44,521)
Amortisation of production sharing contract	9	(5,035)	(15,701)
Gain on bargain purchase	13	6,474	–
Impairment loss on production sharing contract	9	(11,376)	(413,598)
Impairment loss on property, plant and equipment		(1,946)	(12,461)
Profit (loss) from operations		6,056	(454,961)
Finance costs	5(a)	(70,794)	(50,772)
Loss before tax	5	(64,738)	(505,733)
Income tax	6	111	108,572
Loss for the year		(64,627)	(397,161)
Attributable to:			
Owners of the Company		(64,369)	(396,791)
Non-controlling interests		(258)	(370)
		(64,627)	(397,161)
Loss per share	8		
Basic and diluted (HK\$ per share)		(0.08)	(0.72)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	(64,627)	(397,161)
Other comprehensive (expense) income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(6,577)	3,197
Other comprehensive (expense) income for the year, net of income tax	(6,577)	3,197
Total comprehensive expenses for the year	(71,204)	(393,964)
Attributable to:		
Owners of the Company	(70,946)	(393,594)
Non-controlling interests	(258)	(370)
	(71,204)	(393,964)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		109,118	71,079
Right-of-use assets		34,916	1,798
Intangible assets	9	84,966	94,751
Financial assets at fair value through profit or loss		–	1,000
Goodwill	13	308	–
Rental deposit		2,259	–
		<hr/> 231,567	<hr/> 168,628
Current assets			
Inventory		785	–
Financial assets at fair value through profit or loss		4,458	10,125
Trade and other receivables	10	79,250	1,692
Cash and bank balances		34,411	10,509
Cash held on behalf of clients		11,437	–
		<hr/> 130,341	<hr/> 22,326
Current liabilities			
Borrowings		–	25,000
Other borrowing, unsecured		11,749	11,059
Trade and other payables	11	113,917	38,517
Bonds		–	4,976
Lease liabilities		9,995	1,159
Tax payables		5,450	5,328
Contract liabilities		278	–
Convertible notes – liabilities portion	12	311,945	–
Convertible notes – embedded derivatives	12	46,234	–
		<hr/> 499,568	<hr/> 86,039
Net current liabilities		<hr/> (369,227)	<hr/> (63,713)
Total assets less current liabilities		<hr/> (137,660)	<hr/> 104,915

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 31 DECEMBER 2020

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Other payables	11	17,799	16,342
Bonds		9,996	9,990
Convertible notes – liability portion	12	–	268,607
Convertible notes – embedded derivatives	12	–	110,348
Lease liabilities		24,087	646
Loan from Ultimate Holding Company		107,655	10,000
Deferred tax liabilities		17,691	16,716
Loan from Ultimate Controlling Party		68,220	–
		<hr/> 245,448	<hr/> 432,649
Net liabilities		<u>(383,108)</u>	<u>(327,734)</u>
Capital and reserves			
Share capital	14	2,075,632	2,060,115
Reserves		(2,453,891)	(2,382,945)
Capital deficiency attributable to owners of the Company		(378,259)	(322,830)
Non-controlling interests		(4,849)	(4,904)
Capital deficiency		<u>(383,108)</u>	<u>(327,734)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. BASIS OF PREPARATION

(a) General information

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office and the principal place of business of the Company has changed from Unit E, 29/F, Tower B, Billion Centre, No. 1 Wang Kwong Road, Kowloon to 45th Floor, Tower 1, Times Squares, Causeway Bay, Hong Kong with effect from 15 June 2020.

In the opinion of the directors of the Company, the ultimate holding company of the Company is Century Gold Millennium International Holdings Group Limited (the “**Ultimate Holding Company**”), which is a private limited company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Pan Jibiao (the “**Ultimate Controlling Party**”).

Pursuant to a special resolution passed on 6 February 2020 and the certificate of change of name issued by the Company Registry in Hong Kong on 18 March 2020, the Company changes its English name and Chinese name from “International Standard Resources Holdings Limited 標準資源控股有限公司” to “Golden Century International Holdings Group Limited 金禧國際控股集團有限公司”.

The financial information relating to the years ended 31 December 2020 and 2019 included in this preliminary announcement of annual results 2020 do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (“**Company Ordinance**”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2020 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s reports were unqualified with a material uncertainty related to going concern; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The principal activities of the Group are coalbed methane gas exploration and exploitation, sale of electronic components, financial business, wealth management, comprehensive healthcare and proprietary investment.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

(b) Basis of preparation of the consolidated financial statements

Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

Statement of preparation

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

Going concern basis

The Group incurred a net loss attributable to owners of the Company of approximately HK\$64,369,000 for the year ended 31 December 2020, and as at the same date, the Group's current liabilities exceeded its current assets by approximately HK\$369,227,000, total liabilities exceeded its total assets by approximately HK\$383,108,000 and capital deficiency attributable to owners of the Company amounted to approximately HK\$378,259,000.

The directors of the Company 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 followings:

- (i) As at 31 December 2020, the Company has drawn down loans of HK\$97,500,000 and undrawn loan facilities of HK\$102,500,000 granted by the Ultimate Holding Company with interest payables of HK\$10,155,000, which are 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 above, 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 principal amount of RMB54,000,000 (approximately HK\$64,133,000) and interest payables for RMB3,441,000 (approximately HK\$4,087,000) for the year ended 31 December 2020, the Ultimate Controlling Party will not demand for repayment until all other liabilities of the Group have been satisfied;
- (iv) For the convertible notes with an aggregate principal amount of HK\$355,000,000 held by the Ultimate Holding Company at 31 December 2020 which will be matured on 31 December 2021, the Ultimate Holding Company will not demand for repayment after maturity until all other liabilities of the Group have been satisfied;
- (v) The Group will also seek additional financing including but not limited to open offer, placing of the new shares and issuance of bonds;
- (vi) The directors of the Company 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 of the Company 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 of the Company 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 consolidated financial statements on a going concern basis.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are coalbed methane gas exploration and exploitation in the PRC, sale of electronic components, financial business, wealth management, comprehensive healthcare and proprietary investment.

An analysis of the amount of revenue from each category of principal activities during the year is set out below:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Sale of electronic components	7,035	7,587
Financial business		
– Consultancy and referral income	719	–
– Brokerage commission income	79	–
– Interest income from IPO financing	11	–
Wealth management		
– Commission income from insurance brokerage	1,523	–
Comprehensive healthcare		
– Sales of meltblown fabrics and related equipment and raw material	60,399	–
	<u>69,766</u>	<u>7,587</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 assessments. During the year ended 31 December 2020, management has revisited the reportable segments and the Group's internal reporting by managing its business. After considering the future strategic plan and size of the recently acquired operations, the Group has identified the following six reportable segments. The corresponding segment information for the year ended 31 December 2019 has been restated. The Treasury segment disclosed last year has been restated into Financial business segment and Proprietary investment segment.

- Electronic components
- Coalbed methane
- Financial business (i.e. securities brokerage, money lending, consultancy and referral service)
- Wealth management
- Proprietary investment (i.e. securities trading)
- Comprehensive healthcare

(i) *Segment results, assets and liabilities*

For the purpose of assessing segment performance and allocating resources to segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets, and current assets attributable to the segments with the exception of other corporate assets. Segment liabilities include trade and other payables attributable to the activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by the segments and the expenses incurred by the segments or which otherwise arise from the depreciation or amortisation of assets attributable to the segments.

The measure used for reporting segment profit is "segment result". Segment result includes the operating profit generated by the segment and finance costs directly attributable to the segment, without allocation of head office or corporate administration costs. Income tax is not allocated to reportable segment.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 are set out below:

Year ended 31 December 2020

	Electronic components HK\$'000	Coalbed methane HK\$'000	Financial business HK\$'000	Wealth management HK\$'000	Proprietary investment HK\$'000	Comprehensive healthcare HK\$'000	Total HK\$'000
Recognised at a point in time	7,035	-	747	-	-	60,399	68,181
Recognised over time	-	-	51	1,523	-	-	1,574
Recognised from other source	-	-	11	-	-	-	11
Reportable segment revenue from external customers	7,035	-	809	1,523	-	60,399	69,766
Reportable segment results	(733)	(27,152)	(5,131)	1,038	(4,258)	619	(35,617)
Amortisation of production sharing contract	-	5,035	-	-	-	-	5,035
Depreciation on property, plant and equipment	-	7,490	4	16	-	23	7,533
Depreciation on right-of-use assets	294	575	1,091	-	-	-	1,960
Gain on fair value change of convertible notes – embedded derivatives	-	(61,599)	-	-	-	-	(61,599)
Impairment loss on production sharing contract	-	11,376	-	-	-	-	11,376
Impairment loss on property, plant and equipment	-	1,946	-	-	-	-	1,946
Imputed interest on convertible notes	-	51,478	-	-	-	-	51,478
Imputed interest on lease liabilities	25	64	149	-	-	-	238
IPO loan interest expenses	-	-	69	-	-	-	69
Interest on borrowings	-	-	-	-	981	-	981
Loss on disposal of financial assets at fair value through profit or loss	-	-	-	-	3,176	-	3,176
Net loss on revaluation of financial assets at fair value through profit or loss	-	-	-	-	28	-	28
Other income	(172)	(69)	(354)	-	-	(13)	(608)
Written off of property, plant and equipment	-	2	-	37	-	-	39
Gain on derecognition of a subsidiary	(1)	-	-	-	-	-	(1)
Reportable segment assets	663	179,578	25,455	3,480	10,102	90,838	310,116
Additions to non-current segment assets during the year	-	14,397	324	208	-	18,554	33,483
Reportable segment liabilities	22,838	388,998	14,732	1,948	-	69,798	498,314

Year ended 31 December 2019

	Electronic components <i>HK\$'000</i>	Coalbed methane <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Proprietary investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Recognised at a point in time	7,587	–	–	–	7,587
Recognised over time	–	–	–	–	–
Recognised from other source	–	–	–	–	–
Reportable segment revenue from external customers	7,587	–	–	–	7,587
Reportable segment results	(1,397)	(473,628)	180	(555)	(475,400)
Amortisation of production sharing contract	–	15,701	–	–	15,701
Depreciation on property, plant and equipment	–	8,990	28	–	9,018
Depreciation on right-of-use assets	147	97	411	–	655
Gain on fair value change of convertible notes – embedded derivatives	–	(32,250)	–	–	(32,250)
Impairment loss on production sharing contract	–	413,598	–	–	413,598
Impairment loss on property, plant and equipment	–	12,461	–	–	12,461
Imputed interest on convertible notes	–	44,095	–	–	44,095
Imputed interest on lease liabilities	21	15	43	–	79
Interest on borrowings	–	–	–	500	500
Loss on disposal of financial assets at fair value through profit or loss	–	–	–	1,245	1,245
Loss on disposal of property, plant and equipment	–	54	–	–	54
Net gain on revaluation of financial assets at fair value through profit or loss	–	–	–	(941)	(941)
Other income	(18)	(2)	(12)	(304)	(336)
Write-back of other payables	–	–	(3,850)	–	(3,850)
Reportable segment assets	992	166,821	5,964	10,056	183,833
Additions to non-current segment assets during the year	588	1,387	–	–	1,975
Reportable segment liabilities	22,406	378,960	504	15,200	417,070

(ii) *Geographical information*

In presenting geographical information, revenue is based on the geographical location of the external customers. Specified non-current assets, which represent property, plant and equipment, intangible assets, right-of-use assets and financial assets at fair value through profit and loss, are based on the geographical location of assets.

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Total <i>HK\$'000</i>
2020			
Revenue	8,648	61,118	69,766
Specified non-current assets	44,448	187,119	231,567
	—————	—————	—————
	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Total <i>HK\$'000</i>
2019			
Revenue	7,587	—	7,587
Specified non-current assets	2,155	166,473	168,628
	—————	—————	—————

(iii) *Information about major customers*

Revenue from major customers, each of whom amounted to 10% or more of the Group's revenue, is set out below:

	2020		2019	
	Revenue <i>HK\$'000</i>	Percentage of revenue	Revenue <i>HK\$'000</i>	Percentage of revenue
Customer A ¹	N/A	N/A	4,032	53%
Customer B ¹	N/A	N/A	2,609	34%
Customer C ²	27,842	40%	—	—
Customer D ²	16,705	24%	—	—
Customer E ²	15,214	22%	—	—
	—————	—————	—————	—————

¹ Revenue from sale of electronic components. The corresponding revenue did not contribute over 10% of total revenue of the Group in 2020.

² Revenue from sale of meltblown fabrics and related equipment and raw material in comprehensive healthcare business.

Save of the above, no other single customers contributed 10% or more to the Group's revenue for both 2020 and 2019.

4. OTHER GAINS AND LOSSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Gain on fair value change of convertible notes – embedded derivatives	61,599	32,250
Loss on disposal of financial assets at fair value through profit or loss	(3,223)	(1,245)
Loss on disposal of property, plant and equipment	(5)	(54)
Net foreign exchange gain (loss)	14,244	(5,819)
Net (loss) gain on revaluation of financial assets at fair value through profit or loss	(28)	941
Write-back of other payables	–	3,850
Write-off of other receivables	–	(34)
Gain on derecognition of a subsidiary	1	–
Written off of property, plant and equipment	(176)	–
	<u>72,412</u>	<u>29,889</u>

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging (crediting):

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(a) Finance costs		
Imputed interest on convertible notes	51,478	44,095
Imputed interest on bonds	802	4,567
Imputed interest on lease liabilities	2,728	79
Interest on promissory notes	–	1,304
Interest on borrowings	1,742	680
Interest on loan from Ultimate Holding Company	10,108	47
IPO interest expense	69	–
Interest on loan from Ultimate Controlling Party	3,867	–
	<u>70,794</u>	<u>50,772</u>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	26,153	15,601
Contributions to defined contribution retirement plans	1,202	1,060
	<u>27,355</u>	<u>16,661</u>
(c) Other items		
Auditor's remuneration		
– Audit services	680	630
– Non-audit services	219	240
Cost of inventories recognised as expenses	64,227	6,747
Depreciation of property, plant and equipment	8,959	9,274
Depreciation of right-of-use assets	7,724	655
Loss on disposal of property, plant and equipment	5	54
Lease payments for short-term lease not included in the measurement of lease liabilities	2,443	2,257
	<u>2,443</u>	<u>2,257</u>

6. INCOME TAX

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
PRC Enterprise Income Tax	134	81
Hong Kong Profits Tax	—	—
	<u>134</u>	<u>81</u>
Deferred tax		
Current year	<u>(245)</u>	<u>(108,653)</u>
Income tax credit	<u>(111)</u>	<u>(108,572)</u>

- (i) 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 of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the consolidated financial statements. Thus, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong tax has been made as the Group has no assessable profit derived from Hong Kong during the years ended 31 December 2020 and 2019.
- (ii) The Company's wholly-owned subsidiary, Canada Can-Elite Energy Limited ("**Can-Elite**"), incorporated under the laws of British Columbia, Canada, is subject to Income Tax Act (Canada) at a rate of 28% (2019: 28%).

Pursuant to the tax treaty agreement between the PRC government and the government of Canada for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, tax payable in the PRC on profits, income or gains arising in the PRC shall be deducted from any Canadian tax payable in respect of such profits, income or gains. No provision for Canadian tax has been made as the Group has no assessable profits derived from Canada during the years ended 31 December 2020 and 2019.

- (iii) The subsidiaries in the PRC are subject to PRC Enterprise Income Tax rate of 25% (2019: 25%).

7. DIVIDEND

No dividend was paid or proposed during 2020, nor has any dividend been proposed since the end of reporting period (2019: 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<i>Loss for calculation of basic loss per share</i>		
Loss for the year attributable to owners of the Company	<u><u>(64,369)</u></u>	<u><u>(396,791)</u></u>
	2020	2019
Number of shares		
Weighted average number of ordinary shares at 31 December	<u><u>804,905,645</u></u>	<u><u>554,149,126</u></u>

(b) Diluted loss per share

No adjustment was made in calculating diluted loss per share for both years as the conversion of convertible notes and exercise of warrants 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 2019	3,758,542	–	3,758,542
Exchange adjustment	(69,512)	–	(69,512)
At 31 December 2019 and 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
At 31 December 2020	3,919,239	1,000	3,920,239
Accumulated amortisation and impairment			
At 1 January 2019	3,232,346	–	3,232,346
Charge for the year	15,701	–	15,701
Impairment loss	413,598	–	413,598
Exchange adjustment	(67,366)	–	(67,366)
At 31 December 2019 and 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
At 31 December 2020	3,835,273	–	3,835,273
Carrying amount			
At 31 December 2020	<u>83,966</u>	<u>1,000</u>	<u>84,966</u>
At 31 December 2019	<u>94,751</u>	<u>–</u>	<u>94,751</u>

Notes:

- (a) Through the acquisition of 100% equity interest in Merit First Investments Limited on 26 November 2008, the Group has obtained the interest in a coalbed methane PSC which was entered into between Can-Elite, a wholly-owned subsidiary of the Company, and China United Coalbed Methane Corporation Limited ("**China United**") on 8 November 2007. The interests of China United and Can-Elite under the PSC are in the proportion of 30% and 70% respectively, or in proportion to their participating interests in the development costs.

On 21 March 2008, the PSC was approved by the Ministry of Commerce of the PRC in respect of (i) the execution and implementation of the PSC; (ii) the terms of the PSC; and (iii) 70:30 profit sharing ratio between Can-Elite and China United. Beijing Z&D Law Firm, the legal adviser of the Company as to the PRC laws of the time, advised that China United and Can-Elite had obtained all relevant approvals in relation to the execution and implementation of the PSC.

Can-Elite and China United entered into five modification agreements including but not limited to the amendments of contracted area, the number of wells to be drilled by Can-Elite and extension of exploration period on 18 February 2009, 29 August 2013, 23 December 2015, 21 August 2017 and 10 August 2020 (the “**Fifth Modification Agreement**”). All other terms of the PSC shall remain unchanged.

Pursuant to the Fifth Modification Agreement, the exploration period applied to Area A shall begin from the date of commencement of the implementation of the contract, to the date of filing to the relevant authorities under the Chinese Government for the Overall Development Program. Further, the exploration period of Area B 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 utilize at a minimum of RMB35,000,000 equivalent in US dollars towards Area B as the expected minimum exploration expenditure amount.

The PSC provides a term of thirty consecutive years commencing 1 April 2008, with a production period of not more than twenty consecutive years commencing on a date determined by the joint management committee which is set up by Can-Elite and China United, pursuant to the PSC, to oversee the operations in the contract area.

Can-Elite and China United shall reimburse the costs incurred during the development and production periods in the proportion of 70% and 30% respectively, or in proportion to their participating interests of each coalbed methane field. Upon extraction of the coalbed methane and liquid hydrocarbons, the coalbed methane and liquid hydrocarbons products shall be sold by China United and the proceeds will be deposited into a joint bank account opened by Can-Elite and China United, and the profits be distributed between the parties in the proportion of their participating interests in the development costs, or any other marketing approaches and procedures to be agreed upon between Can-Elite and China United.

For all assistance to be provided by China United, administrative fees in the sum of US\$30,000 and US\$50,000 were payable by Can-Elite to China United during the exploration period and the development and production period, respectively, as agreed by Can-Elite and China United with reference to the administrative fees payable by other foreign investors to China United in other production sharing contracts. In the opinion of the directors of the Company, the administrative fees payable by Can-Elite are comparable to those payable by other foreign investors to China United in other production sharing contracts.

The PSC is amortised on a straight-line basis over the remaining contract terms of 17.9 years (2019: 18.9 years) of the PSC.

(b) Impairment test

The recoverable amount of the PSC attributable to the Group has been determined based on value-in-use calculations. The valuation was carried out by Cushman & Wakefield Limited, an independent firm of professional valuers not connected with the Group. For the purpose of impairment testing, the carrying amount of intangible assets has been allocated to an individual cash-generating unit.

For impairment assessment purposes, cash flow projections are prepared on the following assumptions:

	2020	2019
Period of cash flow projections	17 years	18 years
Discount rate (pre-tax)	22.56%	20.96%

The calculation is based on the pre-tax cash flow projections of the financial budgets approved by management, which have duly reflected risks specific to the PSC, assuming that all key information provided by management, which includes reserve quantity, feasibility of business plan, and exploitation method, are appropriate and feasible. The cash flow projections are based on budget sales, expected gross margins and expected capital expenditure determined based on management's experience and expectations of market developments in the coalbed methane industry in the PRC. The CBM reserve quantity used in the valuation of the PSC as at 31 December 2020 is based on the reports, including the technical reports issued by Netherland, Sewell & Associates, Inc. on 2 March 2011 and 31 October 2008, the technical reports prepared by an integrated geoscience and engineering consulting company on 23 March 2015 and the reserve evaluation report prepared in respect of the reserves located in Luling Block, being part of the contract area, which had been approved by the Office for Oil and Gas Profession of the Mineral Resources and Reserves Assessment Centre of the Ministry of Land and Resources of the PRC and was duly filed with the Ministry of Land and Resources of the PRC on 4 June 2014 after the compliance review. The completion of the approval and filing procedure signified that the risk assessment stage of Luling Block in the contract area has come to an end, and the PSC work will proceed to the design and development stage. Due to the further delay on the implementation and the scaledown of the business plan for the exploration and exploitation of the CBM and the continuous low level of domestic natural gas price in the PRC, the carrying amount of the PSC exceeds its estimated recoverable amount and an impairment loss of HK\$11,376,000 (2019: HK\$413,598,000) has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2020.

- (c) The trading rights are retained for stock trading and stockbroking activities carried out by GCINT (HK) Limited. The trading rights are considered to have indefinite lives because they are expected to contribute to the net cash flows of the Group indefinitely, and are not amortised. They will be tested for impairment annually and whenever there is an indication that they may be impaired.

10. TRADE AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables from:		
Electronic components	14,870	14,704
Financial business		
– Consultancy and referral service		
– Referral services	118	–
– Securities brokerage		
– Broker	122	–
Wealth management	1,425	–
Comprehensive healthcare	59,501	–
	<u>76,036</u>	<u>14,704</u>
Less: Impairment allowance (<i>note (a)</i>)	(14,472)	(14,472)
	<u>61,564</u>	232
Financial business		
– Securities brokerage		
– Cash client (<i>note (c)</i>)	2,053	–
	<u>63,617</u>	<u>232</u>
Other receivables	5,913	251
Deposits and prepayments	9,720	1,209
	<u>15,633</u>	<u>1,460</u>
	<u>79,250</u>	<u>1,692</u>

Notes:

(a) Impairment allowance

As at 31 December 2020, the Group's trade receivables of HK\$14,472,000 (2019: HK\$14,472,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management 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 remaining balance of trade receivables of the Group, based on the dates of the invoices and net of impairment allowance, is as follows:

	2020 HK\$'000	2019 HK\$'000
0–45 days	61,104	232
46–90 days	180	–
91–365 days	280	–
Over 365 days	14,472	14,472
	<u>76,036</u>	<u>14,704</u>
Less: Impairment allowance	(14,472)	(14,472)
	<u>61,564</u>	<u>232</u>

- (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.

In the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of the Group's business, therefore, no ageing analysis is disclosed.

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

As at 31 December 2020, trade receivables of 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–45 days	180	–
46–90 days	280	–
	<u>460</u>	<u>–</u>

11. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables from:		
Electronic components	819	1,000
Wealth management	196	–
Financial business		
– Securities brokerage		
– Clearing house	107	–
Comprehensive healthcare	54,770	–
	<u>55,892</u>	1,000
Financial business		
– Securities brokerage		
– Cash clients (<i>note (a)</i>)	11,433	–
	<u>67,325</u>	1,000
Total trade payables	<u>67,325</u>	1,000
Other payables (<i>note (c)</i>)	33,318	27,908
Amounts due to non-controlling interests of a subsidiary	16,697	16,342
Accrued expenses	14,376	9,609
	<u>64,391</u>	53,859
Total other payables and accruals	<u>64,391</u>	53,859
Total trade payables, other payables and accruals	<u>131,716</u>	<u>54,859</u>
Analysed for reporting purpose as:		
Non-current liabilities	17,799	16,342
Current liabilities	113,917	38,517
	<u>131,716</u>	<u>54,859</u>
Total	<u>131,716</u>	<u>54,859</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 of the Company, the ageing analysis does not give additional value in view of the nature of the Group's business; therefore, no ageing analysis is disclosed.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current – within 1 month	55,229	272
More than 1 month but within 3 months	432	529
More than 3 months but within 6 months	59	40
More than 6 months	172	159
	<u>55,892</u>	<u>1,000</u>

- (c) Other payables included approximately RMB2,448,000 (equivalent to approximately HK\$2,907,000) of engineering fees payable to creditors in the PRC, approximately RMB4,999,000 (equivalent to approximately HK\$5,937,000) of amount payable to China United and approximately RMB12,650,000 (equivalent to approximately HK\$15,024,000) of amount payable for the purchase of meltblown production lines for the production of meltblown materials in comprehensive healthcare business.

12. CONVERTIBLE NOTES

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

The initial conversion price of the Convertible Notes was HK\$0.16 (subject to adjustments at any time during the period, commencing from the issue date), the Convertible Notes bear interest at 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 Convertible Notes shall have the right to convert the whole or any part of the principal amount of the Convertible Notes into ordinary shares of the Company, at any time between the date of issue of the Convertible Notes and 31 December 2021.

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

The Convertible Notes contain two components, liability and embedded derivatives. The liability component is classified as non-current liabilities and carried at amortised cost using the effective interest method. The embedded derivatives component is classified as non-current liabilities and carried at fair value. The effective interest rate of the liability component for the 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 the New Alexander conditionally agreed to sell the convertible notes issued by the Company and held by the New Alexander 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.

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

On 30 June 2020, Convertible Notes with the principal amount of HK\$10,000,000 were converted into 83,333,333 ordinary shares. There were Convertible Notes with the principal amount of HK\$355,000,000 remained outstanding as at 31 December 2020.

The following key inputs and data were applied to the binomial lattice model for the derivatives embedded in the convertible notes at 31 December 2020 and 2019.

	At 31 December 2020	At 31 December 2019
Share price	HK\$0.29	HK\$0.255
Conversion price	HK\$0.12	HK\$0.12
Risk free rate	0.06%	1.74%
Expected dividend yield	Nil	Nil
Annualised volatility	80.2%	86.9%

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

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 1 January 2019	142,598	231,831	374,429
Imputed interest charged to consolidated statement of profit or loss	–	44,095	44,095
Decrease in fair value credited to consolidated statement of profit or loss	(32,250)	–	(32,250)
Interest paid	–	(7,319)	(7,319)
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 consolidated statement of profit or loss	–	51,478	51,478
Decrease in fair value credited to 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	–	(100)	(100)
Carrying amount of convertible notes (with principal amount of HK\$355,000,000) as at 31 December 2020	<u>46,234</u>	<u>311,945</u>	<u>358,179</u>

13. ACQUISITION OF SUBSIDIARIES

- (a) On 1 August 2020, the Group acquired 100% of the issued share capital of Hong Kong GCINT (HK) Limited (formerly known as SD Limited) and GCINT Asset Management Limited (formerly known as SD Asset Management Limited) at a total cash consideration of HK\$10,000,000. GCINT (HK) Limited is a corporations licensed by the Securities and Futures Commission of Hong Kong (“SFC”) to conduct Type 1 (dealing in securities) and Type 2 (sealing in futures contracts) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“SFO”) and GCINT Asset Management Limited is a corporation licensed by the SFC to conduct Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO.

The fair value of the identifiable assets and liabilities of GCINT (HK) Limited and GCINT Asset Management Limited acquired as at its date of acquisition is as follows:

Net assets acquired:

	<i>HK\$'000</i>
Intangible assets	1,000
Deposits	205
Other receivables	1,744
Cash held on behalf of clients	38
Cash and bank balances	13,695
Trade and other payables	<u>(208)</u>
	16,474
Gain on bargain purchase	<u>(6,474)</u>
	<u><u>10,000</u></u>
Satisfied by:	
Cash	<u><u>10,000</u></u>
Net cash inflow arising on acquisition:	
Cash consideration paid	10,000
Cash and cash equivalents acquired	<u>(13,695)</u>
	<u><u>(3,695)</u></u>

The Group recognised a gain on bargain purchase of approximately HK\$6,474,000 in the business combination.

Revenue and net loss of approximately HK\$90,000 and HK\$2,445,000, respectively, from GCINT (HK) Limited and GCINT Asset Management Limited were contributed to the Group for the period from 1 August 2020 to 31 December 2020.

- (b) On 1 September 2020, the Group subscribed 11,700,000 new shares, representing 90% of the issued share capital of Hong Kong GCINT Wealth Management Limited (formerly known as United Able International Limited) at a total cash consideration of HK\$3,000,000. GCINT Wealth Management Limited is engaged in the provision of insurance brokerage services.

The goodwill of HK\$308,000 arising from the acquisition is attributable to the synergy and economics of scale expected from combining the operations of the Group and GCINT Wealth Management Limited.

Details of net assets acquired and goodwill are as follows:

	<i>HK\$'000</i>
Consideration – shares subscription by cash	3,000
Less: fair value of identifiable net assets acquired – shown below	(2,991)
Non-controlling interest	<u>299</u>
Goodwill	<u><u>308</u></u>

The fair value of the identifiable assets and liabilities of GCINT Wealth Management Limited acquired as at its date of acquisition is as follows:

Net assets acquired:

	<i>HK\$'000</i>
Property, plant and equipment	39
Trade receivables	182
Deposits	21
Cash and bank balances	820
Trade and other payables	(892)
Accruals	(171)
Deferred tax liabilities	<u>(8)</u>
Fair value of identifiable net liabilities acquired before subscription completion	(9)
Cash received upon completion of subscription	<u>3,000</u>
Fair value of identifiable net assets acquired	<u><u>2,991</u></u>
Net cash inflow arising on acquisition:	
Cash consideration paid	3,000
Cash and cash equivalents acquired	<u>(3,820)</u>
	<u><u>(820)</u></u>

Revenue and net profit of approximately HK\$1,523,000 and HK\$1,038,000, respectively, from GCINT Wealth Management Limited were contributed to the Group for the period from 1 September 2020 to 31 December 2020.

14. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Issued and fully paid		
At 1 January 2019	479,184,617	2,032,322
Issue of new shares under rights issue, net of share issue expenses (<i>note (a)</i>)	239,592,308	27,352
Issue of shares upon exercise of warrant (<i>note (b)</i>)	11,015,979	441
	<hr/>	<hr/>
At 31 December 2019 and 1 January 2020	729,792,904	2,060,115
Issue of shares upon conversion of convertible notes (<i>note 12</i>)	83,333,333	10,555
Issue of shares upon exercise of warrants (<i>note (b)</i>)	124,045,930	4,962
	<hr/>	<hr/>
At 31 December 2020	<u>937,172,167</u>	<u>2,075,632</u>

Notes:

(a) Issue of new shares under rights issue

In September 2019, the Company allotted 239,592,308 new ordinary shares on the basis of one rights share for every two shares held at a subscription price of HK\$0.12 per rights share. Net proceeds of approximately HK\$27,352,000 were used for the repayment of unlisted corporate bonds and promissory notes issued by the Company and as the general working capital of the Group.

(b) 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 are 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 2019, 11,015,979 ordinary shares were issued for cash at the subscription price of HK\$0.04 per share pursuant to the exercise of the 2019 Warrants. At 31 December 2019, the outstanding number of 2019 Warrants are 132,739,406.

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 they had lapsed on 15 October 2020.

15. CAPITAL COMMITMENTS

Capital commitments outstanding as at 31 December 2020 and 2019 not provided for in the consolidated financial statements were as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Production sharing contract:		
– Contracted but not provided for	<u>16,863</u>	<u>27,068</u>

In addition to the above, Can-Elite 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 shall begin from the date of commencement of the implementation of the contract, to the date of filing to the relevant authorities under the Chinese Government for the Overall Development Program. Further, the exploration period of Area B 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 in US dollars towards Area B, as the expected minimum exploration expenditure amount.

16. CONTINGENCIES

Environmental contingencies

The Group has not incurred any significant expenditure for environment remediation and is currently not involved in any environmental remediation. In addition, the Group has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved and may move further towards more rigorous enforcement of applicable laws and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to mines, concentrators and smelting plants irrespective of whether they are operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future costs is not determinable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot be reasonably estimated at present, and could be material.

17. EVENTS AFTER THE REPORTING PERIOD

Placing of new shares under general mandate

On 15 March 2021, the placing agent and the Company entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 149,691,195 placing shares (the "Placing Share(s)") at the placing price of HK\$0.20 per Placing Share to not less than six placees, who and whose ultimate beneficial owners shall be third parties independent of and not connected to, nor acting in concert with, the Company or any connected persons of the Company (as defined by the Rules Governing the Listing of Securities on the Stock Exchange) (the "Placing"). On 25 March 2021, the Placing was completed.

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2020.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The accompanying consolidated financial statements for the year ended 31 December 2020 have been prepared assuming that the Group will continue as a going concern. We draw attention to note to the consolidated financial statements which indicated that the Group incurred a net loss attributable to owners of the Company of approximately HK\$64,369,000 for the year ended 31 December 2020, and as at the same date, the Group's current liabilities exceeded its current assets by approximately HK\$369,227,000, total liabilities exceeded its total assets by approximately HK\$383,108,000 and capital deficiency attributable to owners of the Company amounted to approximately HK\$378,259,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As explained in note to the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2020, the spread of novel coronavirus (COVID-19) cast uncertainties on the global economy. However, the Company remained cautiously optimistic about the industry prospects and business expansion. On 18 March 2020, the Company officially renamed itself as “Golden Century International Holdings Group Limited” and redrew its business strategies and direction to proactively cope with changes and challenges in the market and fully develop the global platform integrating industry and finance.

During the financial year ended 31 December 2020 (the “Year”), in addition to vigorously expanding and developing the businesses of clean energy, finance, proprietary investment, and electronic components, the Group embarked on new businesses of comprehensive healthcare and wealth management in response to the market trends and demands to reinforce the Group’s diversified industrial development strategy. Accordingly, the Group re-classified its businesses in the segment result into (a) coalbed methane business; (b) comprehensive healthcare business; (c) financial business; (d) wealth management business; (e) proprietary investment business; and (f) electronic components business.

The Group’s previous treasury business includes securities trading, securities brokerage and money lending. For the Year, the Group continues to engage in the above businesses but has re-organised the segments of the treasury business into the financial business and the proprietary investment business.

(a) Coalbed Methane (“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 assets. 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**”). As at 31 December 2020, the CBM operation was still in exploration stage with a total of 43 exploration wells and no revenue was generated.

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, with the proven reserve yet to be submitted) (“**Area B**”). Area A can start production as soon as the overall development proposal has been filed by relevant government authorities of the PRC.

On 10 August 2020, Can-Elite and China United entered into the fifth modification agreement regarding the PSC (the “**Fifth Modification Agreement**”), pursuant to which the parties to the Fifth Modification Agreement agreed to further extend the exploration period of Area B for two years from the original expiry date to 31 March 2022.

On 31 December 2019, the Ministry of Natural Resources has published the “Opinions on Several Matters Concerning Promoting the Reform of Mineral Resources Administration (for Trial Implementation)” (No. 7 [2019] of the Ministry of Natural Resources) (the “**Opinions**”). Article 7 of the Opinion sets out the adjustments to the term of prospecting rights, pursuant to which the initial registration term of the prospecting rights can be extended for five years by application. In the application for extension of the registration of the prospecting rights, the area set out in the initial exploration permit should be reduced by 25%.

During the Year, Can-Elite and China United submitted an application for extension of the registration of the prospecting rights (the “**Extension Application**”) to the relevant governmental authorities of the PRC. In the Extension Application, the original area set out in the initial exploration permit was reduced by 25% from 567.843 square kilometres to 428.553 square kilometres pursuant to Article 7 of the Opinions. As at the date of this announcement, the Extension Application has not yet been approved.

The CBM business is one of the industrial businesses that the Group focuses on. The CBM project located in Su’nan, Anhui entered into a new construction stage during the Year. On 28 October 2020, Can-Elite entered into an engineering technical service contract in relation to the exploration- development integrated project with Beijing Sino-Welking Energy Technology Service Co. Ltd. for the provision of data analysis, technical solutions preparation, construction plan implementation, data collection and overall technical report preparation in connection with CBM operations. For exploration and deep-zone development, the project used innovative top-drive drilling devices, one of the prevailing major technologies in the field of oil drilling that represents the highest level and development direction of special equipment for mechanics-electronics-hydraulics integrated oil drilling in the oil drilling industry.

During the Year, most of the preparation and planning works for the CBM project were delayed due to the outbreak of COVID-19. However, thanks to the Group’s anti-pandemic efforts and arrangements, the CBM project was able to officially resume development and exploration in November 2020 after the pandemic was brought under control in the PRC.

During the Year, one new horizontal well was drilled in Area A and three vertical exploration wells were restored in Area B. It is further reported by the exploration team that subsequent to the Year, the three restored exploration wells have begun to produce methane gas and it is expected that these wells have entered into a gas production stage with a potential to achieve scalable production. Based on this, the Directors are in the process of gathering certain information about the progress of such development, and it is the intention of the Board to provide further update to its shareholders of any further significant development of the CBM business in terms of its business and financial performance as and when appropriate.

As at 31 December 2020, despite a gain on fair value change of the embedded derivative portion of the convertible notes of HK\$61,599,000 (2019: HK\$32,250,000), a loss of HK\$27,152,000 for CBM business (2019: HK\$473,628,000) was recorded mainly due to the amortisation of the PSC of HK\$5,035,000 (2019: HK\$15,701,000), the imputed interest on convertible notes of HK\$51,478,000 (2019: HK\$44,095,000), depreciation of property, plant and equipment and right-of-use assets of HK\$8,065,000 (2019: HK\$9,087,000), impairment loss of HK\$1,946,000 (2019: HK\$12,461,000) on property, plant and equipment and impairment loss of HK\$11,376,000 on the PSC in 2020 (2019: HK\$413,598,000).

CBM is a strategic resource to which the state attaches great importance, and is included in the long-term strategy for promoting the revolution on energy production and consumption. The Group has been fostering the development of the CBM business with technological innovations, and supporting the progress of the CBM project with funds, resources and policies to align with the sustainability principles and trends of the state. With the global warming, society is more concerned with environmental protection. CBM is an environmentally friendly and highly efficient natural gas energy that effectively reduces greenhouse gas emissions and enhances environmental benefits. The demand for it will increase exponentially in the future. Going forward, the Group will continue to promote the development of the CBM business and accelerate the achievement of phased results of the CBM project to contribute to society, environment, and economy and perform its corporate social responsibility.

(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 categorized business as “Comprehensive Healthcare” with a view to further reflecting the business strategies of the company thereafter. Leveraging its strength in the procurement network in the PRC, the Group procured raw materials and machines for appropriate medical products. For the year ended 31 December 2020, the Group derived revenue of HK\$60,399,000 from this business, mainly from the sales of meltblown fabrics used for the filtration layer in face masks and sales of related equipment and raw material. During the Year, the Group acquired 10 meltblown fabrics production lines at a total amount of RMB23,000,000. Due to the pandemic, the commencement of production was delayed. However, four of the production lines began trial production in early January 2021.

COVID-19 not only boosted the demand for medical care across the globe, but also raised the health awareness of the public. According to the Healthy China 2030 Blueprint issued by the Central Committee of the Communist Party of China and the State Council of the PRC, it is expected that by 2030, the medical devices and pandemic-prevention supplies and products industry will have a market size of over RMB16 trillion, officially becoming an “emerging industry” with tremendous economic value and development potential. Going forward, the Group will continue to expand the comprehensive healthcare business to seize new opportunities in the market and generate new sustainable business growth for the Group.

(c) Financial Business

The financial business includes securities brokerage, money lending, consultancy and referral service.

During the Year, the Group actively expanded the financial business, and capitalised on Hong Kong's prominent position in international finance to explore relevant financial services. In August 2020, the Group successfully acquired the entire issued share capital of SD Limited and SD Asset Management Limited, and then officially renamed them as GCINT (HK) Limited (“**GCINT (HK)**”) (金禧國際證券(香港)有限公司) and GCINT Asset Management Limited (“**GCINT Asset Management**”) (金禧國際資產管理有限公司), respectively. Upon completion of the acquisition, the Group successfully obtained Type 1, 2, 4, 5 and 9 licenses from the Securities and Futures Commission of Hong Kong to provide customers with a number of financial services such as securities, futures, investment advice, and asset management, enabling the Group to build a comprehensive financial service platform. In addition, the Group also holds a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

(i) Securities Brokerage, Consultancy and Referral Service

Due to the time and total cost for re-activation of business, the Group finally decided to cease the business of GCINT Limited during the Year. Going forward, the Group will develop its financial services business via the brands GCINT (HK) and GCINT Asset Management. During the Year, the Group launched a trading mobile application (漲上金禧) to provide a one-stop platform and system for customers in the mainland China and Hong Kong. Furthermore, the Group has established a wholly-owned subsidiary, 金禧國際投資諮詢(深圳)有限公司 in Shenzhen to grasp the business opportunities in the mainland China with an aim to provide a momentum for the development of financial service business. For the Year, the business recorded revenue of HK\$809,000 (2019: Nil) and segment loss of HK\$5,131,000 (2019: profit of HK\$180,000).

(ii) Money Lending

The Group conducts its money lending business by providing both secured and unsecured loans to corporate and individual customers. During the Year, due to the reallocation of funds, the Group did not distribute any amount of funds to the money lending business. As a result, for the Year, no revenue was generated from this business (i.e. interest income) (2019: Nil).

(d) Wealth Management Business

In order to develop itself into a conglomerate offering wealth and financial solutions, the Group completed the subscription of 90% of the enlarged issued share capital of United Able International Limited in September 2020, which was subsequently renamed as GCINT Wealth Management Limited (“**GCINT Wealth Management**”).

With an insurance brokerage company licence issued by the Insurance Authority in Hong Kong as well as being a member of the Mandatory Provident Fund Schemes Authority, GCINT Wealth Management strives to provide customers with diverse premium insurance products and wealth management services. For the Year, the business recorded revenue of HK\$1,523,000 and segment profit of HK\$1,038,000.

The measures put forward by the Hong Kong Government in the Chief Executive's 2020 Policy Address, including supporting Hong Kong's insurance industry in establishing after-sales service centres in the cities in the mainland China of the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**") and promoting the "unilateral recognition" policy to facilitate Hong Kong private cars travelling to Guangdong via the Hong Kong-Zhuhai-Macao Bridge, are conducive to a booming wealth management market.

(e) Proprietary Investment Business

The proprietary investment business includes securities trading.

As a result of various factors including the pandemic, presidential election of the United States ("US"), and Sino-US relations, the stock market became volatile during the Year. For the Year, the business recorded a loss of HK\$4,258,000 (2019: HK\$555,000).

As at 31 December 2020, the Group did not hold any securities investments exceeding 5% of the total assets of the Group.

(f) Electronic Components Business

The demand of the global consumables market remained weak due to the impact of COVID-19. The Group's electronic components business was also affected as a result. For the Year, the revenue from the electronic components segment decreased by 7.28% year-on-year to HK\$7,035,000. The segment loss amounted to HK\$733,000, representing a decrease of 47.53% as compared to last year. The Group will regularly review the range of products distributed to cope with the increasingly difficult business environment by formulating strategic plans to generate stable revenue and return. However, as the dynamics of the pandemic remain uncertain globally, the situation is not expected to improve in the short run. As such, the management of the Group will continue to pay close attention to the prospect of this business and may consider the possibility of including but not limited to scaling down or disposal of this business segment in the coming future so as to concentrate resources on the core businesses of the Group.

PROSPECTS

The year 2020 has been a very challenging year due to COVID-19. The Group responded positively and achieved innovations and charted plans in various business activities during the Year amid such challenges, maintaining an optimistic industry outlook. Under the new economic development model, the Group will continue to create new corporate opportunities on the back of its diverse industry plans.

As global environmental problems deteriorate, analyses by the US National Aeronautics and Space Administration (NASA) and National Oceanic and Atmospheric Administration (NOAA) have pointed out that the global average temperature has risen by more than 2 degrees Fahrenheit, mainly as a result of increased emissions of carbon dioxide produced by human activities and other greenhouse gases. The development and use of new energy will become a major future trend, and the market demand for natural gas will see an ongoing increase. As a clean and alternative new energy, CBM is a strategic energy source attracting great national attention. The Group will continue to focus on its CBM business and vigorously promote the large-scale exploration and development of CBM in Su'nan through rendering technological support, and strive to make achievements stage by stage as it moves forward. Meanwhile, the Group also continues to pay attention to the market of comprehensive healthcare, and proactively formulates plans for seizing market opportunities to drive sustainable growth in the Group's business revenue. In addition, the Group will continue to aggressively evaluate development in various industries so as to strengthen the Group's industry expansion.

Looking forward into 2021, the rollout of vaccines will drive the gradual recovery and rebound of the economy. The Group will continue to focus on its financial business and proactively build a premium financial service platform, improving and enhancing its operational performance continuously. Meanwhile, the Greater Bay Area will be one of the Group's targets for development to seize new market opportunities amid China's economic transition. The Greater Bay Area is a major economic zone developed under the reform and opening up of the PRC in the new era. Its constituent cities have three major ports among the top ten ports globally. Improved connectivity between cities has created synergy, as demonstrated by the powerful economic strength of achieving turnaround in gross domestic product (GDP) growth of seven cities in the Pearl River Delta during the third quarter of 2020 even under the impact of the pandemic. The Group will vigorously formulate plans for making a presence in the Greater Bay Area and actively explore the area's development potential. Meanwhile, the Group plans to apply for a Qualified Foreign Limited Partner (QFLP) licence in the mainland China to gain exposure to the domestic private equity and venture capital investment markets to drive new revenue growth for the group. Going forward, the Group will continue to deepen its "industry + finance" dual-driver approach and integration of industry and finance, further cultivate its business in the Greater Bay Area, strengthen its strategic plans worldwide and strive to build Golden Century International into a global industry and finance platform offering one-stop financial solutions, marking the Group's global footprint and creating greater value and better returns for the shareholders of the Company.

FINANCIAL REVIEW

Revenue

For the Year, the Group recorded a revenue of HK\$69,766,000, which was about nine times of the total revenue in the year of 2019 (HK\$7,587,000). The substantial increase was mainly attributable to the revenues generated from the sales of medical devices and pandemic-prevention supplies and products under the new comprehensive healthcare business commenced during the Year. The revenue generated from the comprehensive healthcare business for the Year was HK\$60,399,000. However, there was a decline in the electronic components business with a significant decrease by 7.28% from HK\$7,587,000 to HK\$7,035,000. The contributions from the financial business and wealth management business were HK\$809,000 and HK\$1,523,000 respectively. It was also noted that none of revenues came from the CBM exploration and exploitation business during the Year (2019: Nil).

Gross Profit

The Group recorded a gross profit of HK\$5,151,000 which indicated an increase of about 513.21% when compared with that of last year (i.e. HK\$840,000). The increase was mainly attributable to the comprehensive healthcare business.

Other Income

The other income increased by about 484.94% from HK\$591,000 of last year to HK\$3,457,000 of the Year. The increase was mainly attributable to the income of sublease office area to an independent third party and the subsidies from the Hong Kong Government.

Other Gains and Losses

The gains significantly increased by about 142.27% from HK\$29,889,000 of last year to HK\$72,412,000 of the Year. The increase was mainly attributable to increase in gain on fair value change of convertible notes – embedded derivatives by HK\$32,250,000 to HK\$61,599,000 during the Year.

Administrative Expenses

The Group recorded the administrative expenses of HK\$63,081,000 which indicated an increase of about 41.69% from HK\$44,521,000 of last year. The increment was mainly attributable to the increase in office rental expenses, depreciation of right-of-use assets and staff cost.

Profit (loss) from Operations

The Group turned around from the loss of HK\$454,961,000 in last year to a profit of HK\$6,056,000 during the Year. The significant improvement was attributable to the increases of gross profit by HK\$4,311,000, the increase in other incomes by HK\$2,866,000, the increase in other gains and losses by HK\$42,523,000, an aggregate amount of HK\$412,888,000 on decrease in amortization of production sharing contract and impairment loss on production sharing contract (please refer to note 9 to the consolidated financial statements), decrease in impairment loss on property, plant and equipment of HK\$10,515,000, and inclusion of gain on bargain purchase of HK\$6,474,000 (please refer to note 13 to the consolidated financial statements) which were partially offset by the increase in administrative expenses of HK\$18,560,000.

Finance Costs

The finance costs incurred during the Year were HK\$70,794,000 (2019: HK\$50,772,000), which were mainly imputed interest on convertible notes (please refer to note 12 to the consolidated financial statements), interests on loan from Century Gold Millennium International Group Holdings Limited (the “**Ultimate Holding Company**”) and Mr. Pan Jibiao, the ultimate controlling party of the Company (the “**Ultimate Controlling Party**”), and borrowings.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group’s cash and bank balances amounted to HK\$34,411,000 (2019: HK\$10,509,000), which were mainly denominated in Hong Kong dollars and Renminbi. The net current liabilities of the Group were approximately HK\$369,227,000 (2019: the net current liabilities of HK\$63,713,000). As at 31 December 2020, the Group had bonds of HK\$9,996,000 (2019: HK\$14,966,000), loan from the Ultimate Holding Company of HK\$107,655,000 (2019: HK\$10,000,000), loan from the Ultimate Controlling Party of HK\$68,220,000 (2019: Nil) and convertible notes (liability and embedded derivatives portion) of HK\$358,179,000 (2019: HK\$378,955,000).

GEARING RATIO

As at 31 December 2020, the Group had total assets amounting to HK\$361,908,000 (2019: HK\$190,954,000) and total liabilities of HK\$745,016,000 (2019: HK\$518,688,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 205.86% as at 31 December 2020 (2019: 271.63%).

CAPITAL STRUCTURE

As at 31 December 2020, the Group had capital deficiency attributable to the Shareholders of HK\$378,259,000 (2019: HK\$322,830,000).

During the Year, the Group generally financed its operations from net proceeds from operations, exercise of warrants, loans from the Ultimate Holding Company and the Ultimate Controlling Party.

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 due 31 December 2018 (the “**Convertible Notes Restructuring Agreement**”). Upon completion of the stipulated conditions precedent to the Convertible Notes Restructuring Agreement, new convertible notes due 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 due 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). The CN Transfer Agreement was completed on 1 April 2020. On 30 June 2020, the Convertible Notes with the principal amount of HK\$10,000,000 were converted into 83,333,333 ordinary shares of the Company. There were Convertible Notes with the principal amount of HK\$355,000,000 remained outstanding as at 31 December 2020.

WARRANTS

On 16 October 2019, a total of 143,755,385 bonus warrants were issued by the Company on the basis of one warrant for every five shares held on 30 September 2019, being the record date for ascertaining the entitlements of Shareholders to the bonus warrant issue. The holders of these bonus warrants are entitled to subscribe in cash for 143,755,385 new shares of the Company at an initial subscription price of HK\$0.04 per share at any time during the period commencing from 16 October 2019 to 15 October 2020 (both dates inclusive). If all bonus warrants are exercised, net proceeds of approximately HK\$5,750,000 will be raised. During the Year, 124,045,930 new ordinary shares of the Company were issued upon the exercise of 124,045,930 units of these bonus warrants. Net proceeds of approximately HK\$4,962,000 were raised upon the exercise of the bonus warrants and were used as the general working capital of the Group.

COMMITMENTS

Details of the commitments of the Group are set out in note 15 to the consolidated financial statements.

TREASURY POLICY

The Group mainly operates in Hong Kong and the PRC with most of the transactions settled in Hong Kong dollars, Renminbi and United States dollars; the existing currency peg of Hong Kong dollars with United States dollars will likely continue in the near future, so 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

Save as disclosed in note 16 to the consolidated financial statements, the Group had no other contingencies as at 31 December 2020.

CHARGES ON ASSETS

As at 31 December 2020, the Group had no charges on assets.

LITIGATION

As at the date of this announcement, there was no material litigation, arbitration or claim of material importance in which the Company is engaged or pending or which was threatened against the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 17 to the consolidated financial statements, the Group had no other material event after the reporting period.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 90 employees, of which 30 were in Hong Kong and 60 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 comprise basic salary, discretionary bonus, 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

Save as disclosed in note 13 to the consolidated financial statements, the Group had no other material acquisitions and disposals.

AUDIT COMMITTEE

The audit committee of the Company (“**Audit Committee**”) comprises the three independent non-executive directors of the Company, chaired by Mr. Yeung Chi Wai and the other two members are Mr. Lai Kin Keung and Mr. Chan Yim Por Bonnie. The annual results of the Group for the Year have been reviewed by the Audit Committee.

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of the preliminary announcement of the results of the Group for the Year have been agreed to the amounts set out in the financial statements for the Year by the auditor of the Company, Confucius International CPA Limited (“**CICPA**”). The work performed by CICPA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CICPA on the preliminary announcement.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the Year, the Company had complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) with an exception of code provisions A.2.1 and A.4.1, details of which will be explained below. In order to protect and enhance the benefits of the shareholders of the Company, the Board and its executive management will continue to monitor and review the governance policies so as to ensure that such policies comply with the increasingly stringent regulatory requirements.

(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 Year, Mr. Lyu Guoping has ceased to be the CEO of the Company with effect from 1 September 2020. Following Mr. Lyu Guoping’s cessation to be the CEO, Mr. Pan Jibiao was appointed as the CEO of the Company. This constitutes a deviation from the code provision A.2.1.

However, the chairman 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 is the only independent non-executive Director who is not appointed for a specific term while Mr. Lai Kin Keung and Mr. Yeung Chi Wai both entered into the service agreements with the Company for a term of three years. This constitutes a deviation from the code provision A.4.1. However, more than one-third of the Directors (including executive and non-executive Directors) are subject to retirement by rotation at each annual general meeting under the Articles of Associations of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are no less exacting than those in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Having made specific enquiry to 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 Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY

The Company has not redeemed any of its shares during the Year. Neither the Company nor any of its subsidiary companies has purchased or sold any listed securities of the Company during the Year.

ANNUAL GENERAL MEETING

The annual general meeting of the shareholders of the Company will be held upon despatch of the annual report. The notice of annual general meeting will be published and despatched to the shareholders of the Company in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's results announcement for the Year containing all information required by Appendix 16 of the Listing Rules is published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.gci.com.hk. The annual report will be despatched to the shareholders of the Company and published on the above websites in due course.

ACKNOWLEDGEMENT

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

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

Hong Kong, 26 March 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. Chan Yim Por Bonnie.