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China Gem Holdings Limited

中國中石控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1191)

FURTHER ANNOUNCEMENT OF AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

AUDITED FINAL RESULTS

Reference is made to the announcement of China Gem Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 15 April 2021, in relation to the unaudited final results for the year ended 31 December 2020 (the “**Announcement**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

The Board of Directors (the “**Board**”) of the Company is pleased to announce that the Company’s auditor, Prism CPA Limited (“**Prism**”), has completed its audit of the consolidated financial statements of the Group for the year ended 31 December 2020 in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Save for the reconciliation as disclosed in this announcement, the final results contained in the Announcement remain unchanged.

The figures in respect of the Group’s consolidated statement of financial position as at 31 December 2020, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the Announcement have been audited by Prism to the amounts set out in the Group’s Annual Report for the year ended 31 December 2020 as approved by the Board on 7 May 2021 and the reconciliations are set out below. The work performed by Prism in this respect did not constitute an assurance engagement in accordance with HKSAs, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Prism on the Announcement.

**RECONCILIATION OF THE UNAUDITED AND AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Set forth below are the reconciliation of the 2020 unaudited annual results of the Group and the audited financial information contained in the Annual Report. The items give rise to such differences are also set out in the respective notes below.

Consolidated statement of profit or loss for the year ended 31 December 2020

| | <i>Note</i> | Disclosure in the Annual Report <i>HK\$'000</i> (Audited) | Disclosure in the Announcement <i>HK\$'000</i> (Unaudited) | Difference <i>HK\$'000</i> |
|--|-------------|--|---|---------------------------------------|
| Revenue | | 19,985 | 19,985 | — |
| Other income, net | | 65 | 65 | — |
| Administrative expenses | 1 | (28,987) | (10,787) | (18,200) |
| Other operating expenses | | (3,958) | — | (3,958) |
| Fair value losses on investment properties | | (731) | — | (731) |
| Fair value losses on financial assets at fair value through profit or loss | 2 | (409,314) | (125,750) | (283,564) |
| Expected credit loss on financial assets | 3 | (117,022) | (147,285) | (30,263) |
| Finance costs | 4 | (92,431) | (63,226) | (29,205) |
| Loss before income tax | | (632,393) | (326,998) | (305,395) |
| Income tax credits (expenses) | | 152 | (979) | 1,131 |
| Loss for the year | | <u>(632,241)</u> | <u>(327,977)</u> | <u>(304,264)</u> |
| | | <i>HK cents</i> | <i>HK cents</i> | <i>HK cents</i> |
| Loss per share: | | | | |
| Basic and diluted | | <u>(14.9)</u> | <u>(7.7)</u> | <u>(7.2)</u> |

Consolidated statement of financial position as at 31 December 2020

| | <i>Note</i> | Disclosure in the Annual Report HK\$'000 (Audited) | Disclosure in the Announcement HK\$'000 (Unaudited) | Difference HK\$'000 |
|---|-------------|---|--|--------------------------------|
| Non-current assets | | | | |
| Property, plant and equipment | | 3,047 | 3,047 | — |
| Investment properties | 5 | 244,845 | 231,487 | 13,358 |
| Intangible assets | | — | — | — |
| | | <u>247,892</u> | <u>234,534</u> | <u>13,358</u> |
| Current assets | | | | |
| Properties held for sale | | 1,671 | 1,671 | — |
| Properties under development | | 31,431 | 31,431 | — |
| Loan receivables | 6 | 34,127 | 50,572 | (16,445) |
| Trade and other receivables | 7 | 20,823 | 30,807 | (9,984) |
| Deposits and prepayments | | 2,375 | 2,375 | — |
| Financial assets at fair value through profit or loss | 2 | 90,591 | 374,155 | (283,564) |
| Cash and cash equivalents | | 5 | 5 | — |
| | | <u>181,023</u> | <u>491,016</u> | <u>(309,993)</u> |
| Current liabilities | | | | |
| Trade and other payables | | 43,865 | 64,269 | (20,404) |
| Accruals | 8 | 230,787 | 195,692 | 35,095 |
| Lease liabilities | | — | — | — |
| Loan from a former shareholder | | 49,598 | 49,598 | — |
| Other borrowings | | 419,933 | 427,784 | (7,851) |
| Senior notes | | 179,967 | 179,967 | — |
| | | <u>924,150</u> | <u>917,310</u> | <u>6,840</u> |

| | Disclosure in the Annual Report <i>HK\$'000</i> (Audited) | Disclosure in the Announcement <i>HK\$'000</i> (Unaudited) | Difference <i>HK\$'000</i> |
|--|--|---|---------------------------------------|
| Net current liabilities | <u>(743,127)</u> | <u>(426,294)</u> | <u>(316,833)</u> |
| Total assets less current liabilities | <u>(495,235)</u> | <u>(191,760)</u> | <u>(303,475)</u> |
| Non-current liabilities | | | |
| Lease liabilities | — | — | — |
| Deferred tax liabilities | <u>39,849</u> | <u>40,714</u> | <u>(865)</u> |
| | <u>39,849</u> | <u>40,714</u> | <u>(865)</u> |
| Net liabilities | <u><u>(535,084)</u></u> | <u><u>(232,474)</u></u> | <u><u>(302,610)</u></u> |
| Capital and reserves | | | |
| Share Capital | 42,500 | 42,500 | — |
| Reserves | <u>(582,474)</u> | <u>(279,866)</u> | <u>(302,608)</u> |
| Equity attributable to owners of the Company | <u>(539,974)</u> | <u>(237,366)</u> | <u>(302,608)</u> |
| Non-controlling interests | <u>4,890</u> | <u>4,892</u> | <u>(2)</u> |
| Total deficits | <u><u>(535,084)</u></u> | <u><u>(232,474)</u></u> | <u><u>(302,610)</u></u> |

Notes:

1. Additional staff costs for the year ended 31 December 2020 amounted to approximately HK\$18 million are recognised;
2. Additional fair value loss on financial assets at fair value through profit or loss amounted to HK\$283 million is recognised for the year ended 31 December 2020;
3. As a result of recognising decreased impairment losses under expected credit loss model, the impairment losses of trade and other receivables is adjusted downward by approximately HK\$30 million during the year ended 31 December 2020;
4. Having considered the facts and circumstances, the Group has recognised additional default interest on overdue borrowings during the year ended 31 December 2020;
5. Exchange difference of HK\$14 million on investment properties is recognised as a result of appreciation of Renminbi against Hong Kong dollars during the year ended 31 December 2020;
6. Having considered the facts and circumstances, the Group has impaired loan receivables of HK\$16 million additionally during the year ended 31 December 2020 based on independent valuation reports;
7. The trade and other receivables is adjusted downward as management has impaired the interest and investment income receivables based on independent valuation reports during the year ended 31 December 2020; and
8. Additional default interest on overdue borrowings of HK\$29 million is accrued during the year ended 31 December 2020.

By order of the Board
China Gem Holdings Limited
Zhong Ling
Chairman of the Board

Hong Kong, 7 May 2021

As at the date of this announcement, the Board comprises Mr. Zhong Ling and Mr. Yan Ping as executive Directors, Mr. Kan Chi Ming as non-executive Director and Mr. Warren Lee Primhak and Mr. Li Haibo as independent non-executive Directors.