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Grand Ocean Advanced Resources Company Limited
弘海高新資源有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 65)

UNAUDITED INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- (1) Revenue for the six months ended 30 June 2024 amounted to approximately HK\$88,602,000, representing an increase of approximately 8.4% as compared to the corresponding period in 2023.
- (2) Gross profit for the six months ended 30 June 2024 amounted to approximately HK\$38,107,000, representing an increase of approximately 21.3% as compared to the corresponding period in 2023. Overall gross profit margin was approximately 43.0% for the six months ended 30 June 2024 as compared to approximately 38.4% for the corresponding period in 2023.
- (3) Loss for the six months ended 30 June 2024 amounted to approximately HK\$7,188,000 as compared to approximately HK\$27,764,000 for the corresponding period in 2023.
- (4) Loss attributable to owners of the Company for the six months ended 30 June 2024 amounted to approximately HK\$9,273,000 as compared to approximately HK\$18,231,000 for the corresponding period in 2023.
- (5) The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024.

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Grand Ocean Advanced Resources Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the unaudited interim results of the Group for the six months ended 30 June 2024 together with the relevant comparative figures as follows. The unaudited interim results have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)
Revenue	4	88,602	81,743
Cost of sales		<u>(50,495)</u>	<u>(50,327)</u>
Gross profit		38,107	31,416
Other income and gains		2,117	701
Selling and distribution expenses		(1,881)	(1,855)
Administrative expenses		(44,678)	(33,968)
Other operating expense	7	<u>–</u>	<u>(22,597)</u>
Loss from operations		(6,335)	(26,303)
Finance costs	6	<u>–</u>	<u>(752)</u>
Loss before tax	7	(6,335)	(27,055)
Income tax expense	8	<u>(853)</u>	<u>(709)</u>
Loss for the period		<u>(7,188)</u>	<u>(27,764)</u>
Attributable to:			
Owners of the Company		(9,273)	(18,231)
Non-controlling interests		<u>2,085</u>	<u>(9,533)</u>
		<u>(7,188)</u>	<u>(27,764)</u>
		HK cents	HK cents
Loss per share	10		
– basic		<u>(0.5)</u>	<u>(1.2)</u>
– diluted		<u>(0.5)</u>	<u>(1.2)</u>

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(7,188)	(27,764)
Other comprehensive income after tax:		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(3,426)</u>	<u>(5,683)</u>
Other comprehensive income for the period, net of tax	<u>(3,426)</u>	<u>(5,683)</u>
Total comprehensive income for the period	<u>(10,614)</u>	<u>(33,447)</u>
Attributable to:		
Owners of the Company	(11,233)	(21,480)
Non-controlling interests	<u>619</u>	<u>(11,967)</u>
	<u>(10,614)</u>	<u>(33,447)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	<i>11</i>	105,759	114,815
Intangible asset	<i>11</i>	25,362	27,000
Investment property		1,940	2,049
Right-of-use assets	<i>11</i>	11,504	12,001
Deposits	<i>13</i>	53,699	–
Deferred tax assets		10,365	11,499
		<hr/>	<hr/>
Total non-current assets		208,629	167,364
		<hr/>	<hr/>
Current assets			
Inventories		5,137	4,535
Trade receivables	<i>12</i>	–	–
Deposits, prepayments and other receivables	<i>13</i>	20,130	31,388
Restricted bank deposits		8,374	8,579
Bank and cash balances		113,276	95,359
		<hr/>	<hr/>
Total current assets		146,917	139,861
		<hr/>	<hr/>
Current liabilities			
Accruals and other payables		72,143	80,037
Contract liabilities		17,612	9,322
Lease liabilities		–	86
		<hr/>	<hr/>
Total current liabilities		89,755	89,445
		<hr/>	<hr/>
Net current assets		57,162	50,416
		<hr/>	<hr/>
Total assets less current liabilities		265,791	217,780
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

		As at	As at
		30 June	31 December
		2024	2023
		HK\$'000	HK\$'000
	<i>Note</i>	(Unaudited)	(Audited)
Non-current liabilities			
Provision for environmental rehabilitation and restoration		4,691	4,811
Deferred tax liabilities		15,125	15,481
		<hr/>	<hr/>
Total non-current liabilities		19,816	20,292
		<hr/>	<hr/>
NET ASSETS		245,975	197,488
		<hr/>	<hr/>
Capital and reserves			
Share capital	14	20,462	17,235
Reserves		166,004	121,363
		<hr/>	<hr/>
Equity attributable to owners of the Company		186,466	138,598
Non-controlling interests		59,509	58,890
		<hr/>	<hr/>
TOTAL EQUITY		245,975	197,488
		<hr/>	<hr/>

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 7 April 2000 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its business office is Unit 1102, 11/F, 29 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries during the six months ended 30 June 2024 was the production and sale of coal and minerals (the "**Coal Mining Business**").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with the applicable disclosures required by Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group set out in the annual report of the Company for the year ended 31 December 2023.

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements for the six months ended 30 June 2024 are consistent with those used in the Group's annual consolidated financial statements for the year ended 31 December 2023 except as stated in note 3 below.

3. ADOPTION OF NEW OR AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

(a) Adoption of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied for the first time the following amendments to HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s condensed consolidated financial statements for the annual period beginning on 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The adoption of the above mentioned amendments to HKFRSs have no material impact on the Group’s condensed consolidated financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

(b) New or amendments to HKFRSs that have been issued but not yet effective

The following new or amendments to HKFRSs, potentially relevant to the Group’s condensed consolidated financial statements, have been issued, but not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of these new or amendments to HKFRSs will have no material impact on the Group’s consolidated financial performance and positions and/or the disclosures to the condensed consolidated financial statements of the Group.

4. REVENUE

The Group recognised revenue from sale of coal of approximately HK\$88,602,000 (six months ended 30 June 2023: HK\$81,743,000) during the six months ended 30 June 2024 under the Coal Mining Business. Sale of coal is recognised at a point in time and its external customers were located in the People's Republic of China (the "PRC") entirely.

5. SEGMENT INFORMATION

The Group determines its operating segments based on the business from products/services perspective.

For the six months ended 30 June 2024 and 2023, the Group had only one reportable operating segment which is Coal Mining Business. Thus, no operating segments have been aggregated to form the above reporting operating segment.

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets (excluding deposits and deferred tax assets) by location of assets are detailed below:

	Revenue		Non-current assets	
	Six months ended 30 June 2024	2023	30 June 2024	31 December 2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	–	–	1,369	113
The PRC except Hong Kong	88,602	81,743	143,196	155,752
Consolidated total	88,602	81,743	144,565	155,865

Revenue from major customers:

For the six months ended 30 June 2024, revenue from five major customers (six months ended 30 June 2023: one), which contributed 10% or more of the Group's revenue for the period, is set out below:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Coal Mining Business		
Customer A	22,231	–
Customer B	16,797	–
Customer C	11,609	79,364
Customer D	9,170	–
Customer E	9,089	N/A ¹

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	–	16
Interest on convertible bonds	–	402
Effective interest on convertible bonds	–	334
	<u>–</u>	<u>752</u>

7. LOSS BEFORE TAX

The Group's loss before tax is stated after (crediting)/charging the following:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	(713)	(175)
Amortisation of intangible asset (included in cost of sales)	973	1,018
Cost of inventories sold	50,495	50,327
Depreciation of property, plant and equipment	7,886	8,903
Depreciation of investment property	59	61
Depreciation of right-of-use assets	202	606
Directors' emoluments	1,663	1,989
Expense related to the settlement (included in other operating expense) (note)	–	22,597
Loss on disposal of property, plant and equipment, net	31	51
Short-term lease expenses	<u>77</u>	<u>67</u>

Note:

In April 2023, Inner Mongolia Yuanyuan Energy Group Co., Ltd (“**Inner Mongolia Yuanyuan Energy**”), a non-controlling shareholder of Inner Mongolia Yuan Yuan Energy Group Jinyuanli Underground Mining Company Limited (“**Inner Mongolia Jinyuanli**”), an indirect non wholly-owned subsidiary of the Company, asserted that the operating activities of Inner Mongolia Jinyuanli had caused damages to the land, properties and ancillary facilities owned by Inner Mongolia Yuanyuan Energy (the “**Damaged Properties**”).

On 18 July 2023, Inner Mongolia Jinyuanli and Inner Mongolia Yuanyuan Energy entered into a settlement agreement, pursuant to which Inner Mongolia Jinyuanli should pay approximately RMB20,110,000 (equivalent to approximately HK\$22,597,000) to Inner Mongolia Yuanyuan Energy as a settlement for the Damaged Properties and the relocation costs. The aforesaid one-off settlement amount was recognised as “Other operating expense” during the six months ended 30 June 2023.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Deferred tax	<u>(853)</u>	<u>(709)</u>

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2024 as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2023: Nil).

Under the law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate applicable to the PRC subsidiaries is 25% (six months ended 30 June 2023: 25%). No provision for PRC Enterprise Income Tax has been made for the six months ended 30 June 2024 as the PRC subsidiaries had available tax losses brought forward to offset the estimated assessable profit arising in the PRC during the period (six months ended 30 June 2023: the PRC subsidiaries did not generate any assessable profits arising in the PRC during the period).

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the six months ended 30 June 2024 attributable to owners of the Company of approximately HK\$9,273,000 (six months ended 30 June 2023: HK\$18,231,000) and the weighted average number of ordinary shares of 1,934,468,089 (six months ended 30 June 2023: 1,529,609,763) in issue during the period.

Diluted loss per share

For the six months ended 30 June 2024, diluted loss per share was equal to the basic loss per share as there was no dilutive potential ordinary share in issue for the period.

For the six months ended 30 June 2023, diluted loss per share was equal to the basic loss per share as the adjustments to reflect the effect of deemed conversion of convertible bonds would decrease the loss per share attributable to owners of the Company and have anti-dilutive effect.

11. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSET AND RIGHT-OF-USE ASSETS

- (a) During the six months ended 30 June 2024, the Group had additions to property, plant and equipment of approximately HK\$1,745,000 (six months ended 30 June 2023: HK\$1,901,000).

(b) **Impairment assessment**

The management of the Company has performed an impairment assessment review on the carrying amounts of the property, plant and equipment, intangible asset and right-of-use assets under the non-financial assets of the Coal Mining Business cash-generating unit (the “Coal CGU”) at each of the reporting period.

The recoverable amount of the Coal CGU was estimated based on the value in use calculation, determined by discounting the future cash flows to be generated from the continuing use of these assets. The cash flow projection is based on the current business and financial conditions of the Coal CGU. Pre-tax discount rate of approximately 16.5% (six months ended 30 June 2023: 16.2%) is used and reflects specific risk relating to the operating segment.

Based on the impairment assessment review for the six months ended 30 June 2024, no reversal of impairment loss had been recognised on the carrying amounts of non-financial assets of the Coal Mining Business segment of the Group.

(c) **Valuation**

The recoverable amount of the Coal CGU has been determined with reference to the valuation prepared by an independent valuation firm.

12. TRADE RECEIVABLES

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Trade receivables	1,186	1,216
Impairment loss on trade receivables	(1,186)	(1,216)
	<u>—</u>	<u>—</u>

Payments in advance are required by the Group but credit terms of 90 days are granted to certain key customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management.

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
	Notes		
Non-current assets			
Deposits	(i)	<u>53,699</u>	<u>–</u>
Current assets			
Deposits		7	405
Prepayments		4,554	2,612
Other receivables	(ii)	<u>15,569</u>	<u>28,371</u>
		<u>20,130</u>	<u>31,388</u>

Notes:

- (i) On 4 January 2024, Big Wish Group Limited, a direct wholly-owned subsidiary of the Company, Thaisan Jiujiu Investment Laos Trade Co., Ltd (老撾泰山久久投資貿易有限公司) (“**Thaisan Jiujiu**”) and the shareholders of Thaisan Jiujiu entered into a memorandum of understanding (the “**MOU**”) for the proposed investment in the equity interest of Thaisan Jiujiu. A refundable deposit of RMB30,000,000 (equivalent to approximately HK\$32,219,000) was paid by the Group as earnest money in accordance with the terms of the MOU (the “**MOU Deposit**”).

On 22 April 2024, Big Wish Global Holdings Limited (“**Big Wish Global**”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with the shareholders of Thaisan Jiujiu (the “**Original Vendors**”); and Big Wish Group Limited, Big Wish Global and Thaisan Jiujiu entered into a subscription agreement (the “**Subscription Agreement**”).

Pursuant to the Sale and Purchase Agreement, Big Wish Global conditionally agreed to acquire, and the Original Vendors conditionally agreed to sell the entire equity interest of Thaisan Jiujiu at a consideration of RMB40,000,000 (equivalent to approximately HK\$42,959,000). A first payment of RMB20,000,000 (equivalent to approximately HK\$21,480,000) was paid by the Group as deposit in accordance with the terms of the Sale and Purchase Agreement (the “**SPA Deposit**”). Pursuant to the Subscription Agreement, (i) Big Wish Global agreed to subscribe the new shares to be issued by Thaisan Jiujiu at subscription price of RMB30,000,000 (equivalent to approximately HK\$32,219,000); and (ii) the MOU Deposit shall offset the subscription payment under the Subscription Agreement, upon the completion of acquisition of entire equity interest of Thaisan Jiujiu.

As at 30 June 2024, the MOU Deposit of RMB30,000,000 (equivalent to approximately HK\$32,219,000) and the SPA Deposit of RMB20,000,000 (equivalent to approximately HK\$21,480,000) were paid and recognised as “Deposits” under the non-current assets.

- (ii) As at 30 June 2024, the balance included a refundable deposit of approximately HK\$13,854,000 (31 December 2023: HK\$27,283,000) paid to a potential coal supplier which is an independent third party to the Group. The balance carried at an interest rate of 5.27% (31 December 2023: 5.47%) per annum which reference to the interest offered on Hong Kong dollar by banks in the interbank market for three months (3 months HIBOR) plus 0.25%. Total accrued interest amounting to approximately HK\$395,000 was recognised as “Other income and gains” during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

Subsequent to the end of the reporting period, HK\$10,000,000 (including interest amounting to approximately HK\$380,000) were refunded. As at the date of this announcement, the remaining balance is approximately HK\$4,257,000, including accrued interest.

14. SHARE CAPITAL

		Authorised	
		Number of shares of HK\$0.01 each	HK\$'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024		<u>100,000,000,000</u>	<u>1,000,000</u>
		Issued and fully paid	
		Number of shares of HK\$0.01 each	HK\$'000
	<i>Notes</i>		
At 1 January 2023 (Audited)		1,503,477,166	15,035
Issue of ordinary shares upon conversion of the convertible bonds	(i)	<u>220,000,000</u>	<u>2,200</u>
At 31 December 2023 and 1 January 2024 (Audited)		1,723,477,166	17,235
Placing of new shares	(ii)	<u>322,692,000</u>	<u>3,227</u>
At 30 June 2024 (Unaudited)		<u>2,046,169,166</u>	<u>20,462</u>

Notes:

- (i) On 19 May 2023 and 14 July 2023, 110,000,000 ordinary shares and 110,000,000 ordinary shares were issued and allotted respectively pursuant to the exercise of the conversion right in respect of the convertible bonds issued in July 2022 with an aggregate principal amount of HK\$40,000,000 by the convertible bondholders. These shares rank pari passu in all respects with other shares in issue.

- (ii) On 4 March 2024, the Company completed the placing of 322,692,000 new shares (with a nominal value of HK\$3,226,920) to not less than six placees who and whose ultimate beneficial owners were independent third parties to the Company at the placing price of HK\$0.185 per placing share (the “**Placing**”). The gross proceeds from the Placing were approximately HK\$59,698,000, and the net proceeds were approximately HK\$59,101,000 after issuance costs of approximately HK\$597,000. These shares rank pari passu in all respects with other shares in issue.

Accordingly, amount of approximately HK\$3,227,000 were credited to share capital and the remaining proceeds (net of issuance costs) of approximately HK\$55,874,000 were credited to share premium.

15. EVENT AFTER THE REPORTING PERIOD

Supplemental Agreement and Termination Agreement

On 5 July 2024, Big Wish Global and the Original Vendors entered into a supplemental agreement to amend and supplement certain terms of the Sale and Purchase Agreement (the “**Supplemental Agreement**”). Pursuant to the Supplemental Agreement, (i) Big Wish Global has conditionally agreed to acquire and Mr. Zeng Quanrong (the “**Revised Vendor**”) has conditionally agreed to sell the 520 issued shares of Thaisan Jiujiu owned by the Revised Vendor, representing 52% of the issued share capital of Thaisan Jiujiu, at a revised consideration of RMB24,800,000 (equivalent to approximately HK\$26,634,000); and (ii) Big Wish Global will not acquire, and the remaining two shareholders of Thaisan Jiujiu will retain their 480 issued shares of Thaisan Jiujiu owned by them, representing 48% of the issued share capital of Thaisan Jiujiu.

On the same date, Big Wish Group Limited, Big Wish Global and Thaisan Jiujiu entered into an agreement to terminate the Subscription Agreement (the “**Termination Agreement**”). Pursuant to the Termination Agreement, Thaisan Jiujiu agreed to refund the MOU Deposit to Big Wish Group Limited together with the interest accrued, which calculated at a rate of 5% per annum from the date of the payment of the MOU Deposit to the date of refund. On 12 July 2024, the MOU Deposit and accrued interests in aggregate amount of approximately RMB30,753,000 (equivalent to approximately HK\$33,000,000) had been refunded to the Group pursuant to the terms of the Termination Agreement.

The acquisition of 52% equity interest in Thaisan Jiujiu was completed on 26 August 2024 and the remaining balance of consideration amounting to RMB4,800,000 (equivalent to approximately HK\$5,155,000) was paid accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and financial review

The Group recorded a total revenue of approximately HK\$88,602,000 for the six months ended 30 June 2024, representing an increase of approximately HK\$6,859,000 or approximately 8.4% as compared to the revenue of approximately HK\$81,743,000 for the six months ended 30 June 2023. The loss for the six months ended 30 June 2024 amounted to approximately HK\$7,188,000 as compared to approximately HK\$27,764,000 for the six months ended 30 June 2023. The loss attributable to owners of the Company for the six months ended 30 June 2024 amounted to approximately HK\$9,273,000 as compared to approximately HK\$18,231,000 for the six months ended 30 June 2023.

The decrease in loss for the six months ended 30 June 2024 is mainly due to absence of provision for the settlement amount in relation to the settlement agreement entered by an indirect non wholly-owned subsidiary of the Company as detailed below during this reporting period.

The Coal Mining Business segment reported a profit after tax of approximately HK\$4,951,000 for the six months ended 30 June 2024 as compared to a loss after tax of approximately HK\$21,514,000 for the six months ended 30 June 2023. During the six months ended 30 June 2024, the Coal Mining Business is reported as the only business segment of the Group.

The Coal Mining Business

Inner Mongolia Yuan Yuan Energy Group Jinyuanli Underground Mining Company Limited (“**Inner Mongolia Jinyuanli**”), an indirect non wholly-owned subsidiary of the Company, operates the Group’s Inner Mongolia Coal Mine 958 (the “**Inner Mongolia Coal Mine 958**”) in the Inner Mongolia region with an allowed annual coal production capacity of 1,200,000 tonnes. During the six months ended 30 June 2024, approximately 447,000 tonnes (six months ended 30 June 2023: 450,000 tonnes) of coals were produced and approximately 434,000 tonnes (six months ended 30 June 2023: 408,000 tonnes) of coals were sold.

In September 2020, Inner Mongolia Jinyuanli entered into a Contract for State-Owned Construction Land Use Right Assignment (國有建設用地使用權出讓合同) with the Huolinguole Natural Resources Bureau (霍林郭勒市自然資源局) and a land premium of RMB11.6 million (equivalent to approximately HK\$13.0 million) was paid in November 2020. Thereafter, Inner Mongolia Jinyuanli had submitted the application for the grant of the real estate ownership certificates (不動產所有權證) pending for the approval.

In 2023, Inner Mongolia Jinyuanli had successfully renewed its: (i) safety production permit (安全生產許可證) granted by the Energy Administration of Inner Mongolia autonomous region (內蒙古自治區能源局); and (ii) coal mining license (採礦許可證) granted by the Tongliao Natural Resources Bureau (通遼市自然資源局), both of which were extended until 24 September 2026 and 26 October 2034 respectively.

At present, the local government authorities of the Inner Mongolia region visited Inner Mongolia Jinyuanli occasionally to review mainly the workplace safety and coal resources of the Inner Mongolia Coal Mine 958. During the six months ended 30 June 2024, administrative fines of RMB500,000 (equivalent to approximately HK\$540,000) (six months ended 30 June 2023: RMB231,000 (equivalent to approximately HK\$260,000)) were paid to the local government authorities for certain minor workplace safety matters.

In April 2024, the PRC government issued a notice pertaining to the mining industry, namely “Guidance on Further Advancement of the Intelligent Construction of Mines and the Safety Development of Mines” 《關於深入推進礦山智慧化建設促進礦山安全發展的指導意見》, which stated the requirements for intelligent mining productions with an aim to reinforcing operation safeness by reducing number of labour working underground by the year of 2026. Given our Inner Mongolia Coal Mine 958 has been facing the issue of ageing machineries after operating for approximately 14 years and majority of coal resources located at shallow coal seams had been mined, this policy denotes that significant capital expenditures on renewal of machineries and upgrading health and safety facilities, in particular, for mining the coal resources at deep coal seams of the Inner Mongolia Coal Mine 958, will be required in the near future. Besides, other new coal industry policies such as “Notice on Further Strengthening the Construction of Green Mines” 《關於進一步加強綠色礦山建設的通知》 further increased pressure on our working capital.

As such, Management of Inner Mongolia Coal Mine 958 will conduct an assessment and evaluation on the technical requirements and ongoing capital investments for our mining operations in the second half of 2024, with an aim to formulating the mining plans based on the allocations of the coal resources in compliance with the new industry policies, as well as analysing the disadvantageous business and financial impacts on the operations of the Coal Mining Business.

Impairment assessment review on property, plant and equipment, intangible asset and right-of-use assets of the Coal Mining Business segment

The management of the Company has performed an impairment assessment review on the carrying amounts of the property, plant and equipment, intangible asset and right-of-use assets under the non-financial assets of the Coal Mining Business cash-generating unit (the “**Coal CGU**”) at each of the reporting period.

The recoverable amount of the Coal CGU was estimated based on the value in use calculation, determined by discounting the future cash flows to be generated from the continuing use of these assets. The key assumptions of the cash flow projections were made based on the current business and financial conditions of Inner Mongolia Jinyuanli. An independent professional valuer has been engaged by the Company to review the appropriateness and reasonableness of the assumptions applied in the cash flow projections, and conduct a valuation on the Coal CGU.

The key assumptions and parameters adopted in the cash flow projections of the Coal CGU as at 30 June 2023, 31 December 2023 and 30 June 2024 are set out below:

Key assumptions	30 June 2023	31 December 2023	30 June 2024
Projected annual coal production output for the period until the expiry date of the business license (<i>note 1</i>)	900,000 tonnes	900,000 tonnes	900,000 tonnes
Average unit coal selling price per tonne (including value-added tax) (<i>note 2</i>)	2023: RMB178 2024: RMB182 2025 onwards: increase with inflation rate	2024: RMB188 2025: RMB193 2026 onwards: increase with inflation rate	2024: RMB188 2025: RMB193 2026 onwards: increase with inflation rate
Inflation rate	2.5%	2.5%	2.5%

Notes:

- (1) The forecasted annual coal production output was estimated to be 900,000 tonnes based on the existing status of the Inner Mongolia Coal Mine 958.
- (2) The estimated unit selling price of coal (average unit selling price) was determined by referencing to: (i) the current unit selling price of coals; (ii) the prevailing market price of coals in the Inner Mongolia region; and (iii) the historical average unit selling price of coals produced by Inner Mongolia Jinyuanli over past few years.

Based on the impairment assessment review for the six months ended 30 June 2024, no reversal of impairment loss had been recognised on the carrying amounts of non-financial assets of the Coal Mining Business segment of the Group.

Selling and distribution expenses

The selling and distribution expenses of the Group for the six months ended 30 June 2024 in the amount of approximately HK\$1,881,000 was 100% attributed to the Coal Mining Business segment, representing a slight increase of approximately HK\$26,000 as compared to approximately HK\$1,855,000 for the six months ended 30 June 2023.

Administrative expenses

The administrative expenses of the Group for the six months ended 30 June 2024 amounted to approximately HK\$44,678,000, representing an increase of approximately HK\$10,710,000 as compared to approximately HK\$33,968,000 for the six months ended 30 June 2023. The increase in administrative expenses was mainly attributable to the increase in staff costs and professional fees. The management of the Company will continue to adopt cost saving measures in order to improve the financial performance of the Group.

Other operating expense

In April 2023, Inner Mongolia Yuanyuan Energy Group Co., Ltd (“**Inner Mongolia Yuanyuan Energy**”), a non-controlling shareholder of Inner Mongolia Jinyuanli, asserted that the operating activities of Inner Mongolia Jinyuanli had caused damages to the land, properties and ancillary facilities owned by Inner Mongolia Yuanyuan Energy (the “**Damaged Properties**”).

On 18 July 2023, Inner Mongolia Jinyuanli and Inner Mongolia Yuanyuan Energy entered into a settlement agreement, pursuant to which Inner Mongolia Jinyuanli should pay approximately RMB20,110,000 (equivalent to approximately HK\$22,597,000) to Inner Mongolia Yuanyuan Energy as a settlement for the Damaged Properties and the relocation costs. The aforesaid one-off settlement amount was recognised as “Other operating expense” during the six months ended 30 June 2023.

Accordingly, approximately RMB17,110,000 (equivalent to approximately HK\$18,844,000) and RMB17,110,000 (equivalent to approximately HK\$18,376,000) were included in the “Accruals and other payables” as at 31 December 2023 and 30 June 2024 respectively.

Finance costs

During the six months ended 30 June 2024, the Group did not incur any finance costs. The finance costs of the Group for the six months ended 30 June 2023 amounted to approximately HK\$752,000 was mainly attributable to the convertible bonds issued in July 2022, which had been fully converted in May 2023 and July 2023.

Loss for the period

The loss for the six months ended 30 June 2024 was approximately HK\$7,188,000 as compared to approximately HK\$27,764,000 for the six months ended 30 June 2023.

The loss attributable to owners of the Company for the six months ended 30 June 2024 was approximately HK\$9,273,000 as compared to approximately HK\$18,231,000 for the six months ended 30 June 2023.

Placing of new shares

On 9 February 2024, the Company entered into a placing agreement with Yuen Meta (International) Securities Limited (the “**Placing Agent**”) pursuant to which the Company had conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum number of 322,692,000 placing shares at the placing price of HK\$0.185 per placing share to not less than six placees who and whose ultimate beneficial owners should be independent third parties not connected to the Company and its connected person(s) within the meaning of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Placing**”).

The placing price of HK\$0.185 per placing share represented: (i) a discount of approximately 18.86% to the closing price of HK\$0.228 per share as quoted on the Stock Exchange as at the date of the placing agreement; (ii) a discount of approximately 19.77% to the average closing price per share of approximately HK\$0.2306 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the placing agreement; and (iii) a premium of approximately 65.18% to the net assets value per share of approximately HK\$0.112 based on the net assets value and the number of issued shares of 1,613,477,166 as at 30 June 2023.

The Directors consider that the Placing represented an opportunity to raise additional funding for the business operations and development of the Group and will further broaden the Group’s shareholders and capital base, providing working capital to the Group to meet any financial needs of the Group without any interest burden under current market sentiment.

The Placing was completed on 4 March 2024 and 322,692,000 new shares (with a nominal value of HK\$3,226,920) were issued and allotted at the placing price of HK\$0.185 per placing share. The gross proceeds from the Placing were approximately HK\$59,698,000, and the net proceeds were approximately HK\$59,101,000 after issuance costs of approximately HK\$597,000. The net issue price was approximately HK\$0.183 per placing share. These shares rank pari passu in all respects with other shares in issue.

Investment in the Copper Mine located in Lao People's Democratic Republic ("Laos")

Memorandum of understanding

On 4 January 2024, Big Wish Group Limited ("**Big Wish Group**"), a direct wholly-owned subsidiary of the Company, Thaisan Jiujiu Investment Laos Trade Co., Ltd (老撾泰山久久投資貿易有限公司) ("**Thaisan Jiujiu**") and the shareholders of Thaisan Jiujiu entered into a memorandum of understanding for the proposed investment in the equity interest of Thaisan Jiujiu. A refundable deposit of RMB30,000,000 (equivalent to approximately HK\$32,219,000) was paid by the Group as earnest money in accordance with the terms of the memorandum of understanding (the "**MOU Deposit**").

Sale and Purchase Agreement and Subscription Agreement

On 22 April 2024, Big Wish Global Holdings Limited ("**Big Wish Global**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with the shareholders of Thaisan Jiujiu (the "**Original Vendors**"); and Big Wish Group, Big Wish Global and Thaisan Jiujiu entered into a subscription agreement (the "**Subscription Agreement**").

Pursuant to the Sale and Purchase Agreement, Big Wish Global conditionally agreed to acquire, and the Original Vendors conditionally agreed to sell the entire equity interest of Thaisan Jiujiu at a consideration of RMB40,000,000 (equivalent to approximately HK\$42,959,000). A first payment of RMB20,000,000 (equivalent to approximately HK\$21,480,000) was paid by the Group as a deposit in accordance with the terms of the Sale and Purchase Agreement (the "**SPA Deposit**"). Pursuant to the Subscription Agreement, (i) Big Wish Global agreed to subscribe the new shares to be issued by Thaisan Jiujiu at a subscription price of RMB30,000,000 (equivalent to approximately HK\$32,219,000); and (ii) the MOU Deposit shall offset the subscription payment under the Subscription Agreement, upon the completion of acquisition of entire equity interest of Thaisan Jiujiu.

As at 30 June 2024, the MOU Deposit of RMB30,000,000 (equivalent to approximately HK\$32,219,000) and the SPA Deposit of RMB20,000,000 (equivalent to approximately HK\$21,480,000) were paid and recognised as “Deposits” under the non-current assets.

Events after the reporting period

Supplemental Agreement and Termination Agreement

On 5 July 2024, Big Wish Global and the Original Vendors entered into a supplemental agreement to amend and supplement certain terms of the Sale and Purchase Agreement (the “**Supplemental Agreement**”). Pursuant to the Supplemental Agreement, (i) Big Wish Global has conditionally agreed to acquire and Mr. Zeng Quanrong (the “**Revised Vendor**”) has conditionally agreed to sell the 520 issued shares of Thaisan Jiujiu owned by the Revised Vendor, representing 52% of the issued share capital of Thaisan Jiujiu, at a revised consideration of RMB24,800,000 (equivalent to approximately HK\$26,634,000); and (ii) Big Wish Global will not acquire, and the remaining two shareholders of Thaisan Jiujiu will retain their 480 issued shares of Thaisan Jiujiu owned by them, representing 48% of the issued share capital of Thaisan Jiujiu.

On the same date, Big Wish Group, Big Wish Global and Thaisan Jiujiu entered into an agreement to terminate the Subscription Agreement (the “**Termination Agreement**”). Pursuant to the Termination Agreement, Thaisan Jiujiu agreed to refund the MOU Deposit to Big Wish Group together with the interest accrued, which calculated at a rate of 5% per annum from the date of the payment of the MOU Deposit to the date of refund. On 12 July 2024, the MOU Deposit and accrued interests in aggregate amount of approximately RMB30,753,000 (equivalent to approximately HK\$33,000,000) had been refunded to the Group pursuant to the terms of the Termination Agreement.

The acquisition of 52% equity interest in Thaisan Jiujiu was completed on 26 August 2024 and the remaining balance of consideration amounting to RMB4,800,000 (equivalent to approximately HK\$5,155,000) was paid accordingly.

USE OF PROCEEDS FROM PAST FUND RAISING ACTIVITIES

Set forth below are the detailed breakdown of the utilisation of net proceeds from (i) the issuance of the convertible bonds by the Company on 18 July 2022 and (ii) the Placing:

	Original intended use of net proceeds HK\$'000	Accumulated amount of net proceeds utilised as at 31 December 2022 HK\$'000	Accumulated amount of net proceeds utilised as at 31 December 2023 HK\$'000	Accumulated amount of net proceeds utilised as at 30 June 2024 HK\$'000	Unutilised net proceeds as at 30 June 2024 HK\$'000	Expected timeline for use of unutilised proceeds
(i) Issuance of the convertible bonds on 18 July 2022						
(1) Enhance the mining and mineral related businesses						
(i) Enhance the existing coal mining machineries and systems		8,708	13,781	13,781	–	
(ii) Coal trading business		–	7,757	7,757	–	
Subtotal	37,000	8,708	21,538	21,538	–	N/A
(2) Potential investment in the copper mine located in Laos as announced by the Company on 4 January 2024 (<i>Note (i)</i>)	–	–	–	15,462	–	<i>Note (ii)</i>
(3) General working capital	2,800	2,800	2,800	2,800	–	N/A
Total	39,800	11,508	24,338	39,800	–	
(ii) Placing of new shares on 4 March 2024						
(1) Potential investment in the copper mine located in Laos as announced by the Company on 4 January 2024 and other potential mining related investments	35,000	N/A	N/A	21,480	13,520	By 31 December 2024
(2) Enhance the existing mining machineries and systems and other potential mining related business, including but not limited to the coals, commodities and minerals trading business	14,000	N/A	N/A	1,309	12,691	By 31 December 2024
(3) General working capital	10,101	N/A	N/A	10,101	–	N/A
Total	59,101	N/A	N/A	32,890	26,211	

Notes:

- (i) The net proceeds from the issuance of the convertible bonds on 18 July 2022 were approximately HK\$39,800,000. As disclosed in the announcement of the Company dated 9 February 2024, the Board resolved to change the use of the unutilised net proceeds of approximately HK\$15,462,000 from enhancing the mining and mineral related businesses to the potential investment in the copper mine located in Laos as refundable deposit announced by the Company on 4 January 2024.
- (ii) As at 30 June 2024, the amount of approximately HK\$15,462,000 was utilised as part of MOU Deposit. As detailed in section “Events after the reporting period”, the entire amount of MOU Deposit had been refunded to the Group pursuant to the terms of the Termination Agreement. The Group expects the unutilised net proceeds from the convertible bonds issued on 18 July 2022 amounted to approximately HK\$15,462,000 as at date of this announcement will be utilised by 31 December 2024.

Liquidity and financial resources

As at 30 June 2024,

- (a) the aggregate amount of the Group’s: (i) restricted bank deposits; and (ii) bank and cash balances was approximately HK\$121,650,000 (31 December 2023: HK\$103,938,000);
- (b) the Group’s had no borrowing (31 December 2023: nil);
- (c) the Group’s gearing ratio was zero (31 December 2023: zero). The gearing ratio was calculated as the Group’s total borrowings divided by total equity; and
- (d) the Group’s current ratio was approximately 1.64 (31 December 2023: 1.56). The current ratio was calculated as total current assets divided by total current liabilities.

The Board will continue to closely monitor the consolidated financial position of the Group to maintain its financial capacity for future operations and business developments.

Advance to an entity and financial assistance

As disclosed in the announcement of the Company dated 15 April 2024, on 27 March 2023, Big Wish Group and Blossom Global Trading Company Limited (the “**Supplier**”) entered into a memorandum of understanding (the “**MOU**”) pursuant to which Big Wish Group had conditionally agreed to purchase and the Supplier had conditionally agreed to supply the coals worth of not more than HK\$200,000,000 to Big Wish Group on or before 27 June 2023. A refundable earnest money amounting to HK\$47,000,000 (the “**Refundable Earnest Money**”) was paid on 30 March 2023 in accordance with the terms of the MOU for the right of first offer to trade the coal products. On 31 July 2023, Big Wish Group and the Supplier entered into a supplemental memorandum of understanding (the “**Supplemental MOU**”) to extend the expiry date to 27 September 2023 and the Supplier agreed to refund the Refundable Earnest Money and interest accruing upon the expiry of the Supplemental MOU. The interest was accrued at the rate of 0.25% per annum above the average of rate of interest offered on Hong Kong dollar loan by banks in the interbank market for 3 months on 31 July 2023 and the date on which the Refundable Earnest Money has been fully repaid.

The Supplier is a company incorporated in Hong Kong with limited liability and is principally engaged in commodities trading in the Southeast Asia. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Supplier and its ultimate beneficial owner(s) are independent third parties not connected to the Company and its connected person(s) within the meaning of the Listing Rules.

During the six months ended 30 June 2024, total accrued interest amounting to approximately HK\$395,000 was recognised as “Other income and gains” in the condensed consolidated statement of profit or loss of the Group. As at 30 June 2024, the balance of the Refundable Earnest Money was approximately HK\$13,854,000 (31 December 2023: HK\$27,283,000).

Subsequent to the end of the reporting period, HK\$10,000,000 (including interest amounting to approximately HK\$380,000) were refunded. As at the date of this announcement, the remaining balance is approximately HK\$4,257,000, including accrued interest.

Pledge of assets

As at 30 June 2024, the Group did not have any pledge of assets (31 December 2023: Nil).

Foreign currency risk

The Group's sales and purchases are mainly transacted in Renminbi and the books are recorded in Hong Kong dollar. The management of the Company noticed the recent fluctuations in the exchange rate between Renminbi and Hong Kong dollar, and is of the opinion that it does not have any material adverse impact on the Group's consolidated financial position at present. The Group currently does not have a foreign currency hedging policy. The management of the Company will continue to monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Acquisition and disposal of material subsidiaries, associates and joint ventures

The Group did not acquire nor dispose of any material subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

Significant investment

The Group did not purchase, sell or hold any significant investments during the six months ended 30 June 2024.

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2024.

Capital commitment

As at 30 June 2024, the Group's capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of property, plant and equipment amounted to approximately HK\$1,586,000 (31 December 2023: HK\$1,989,000).

As at the date of this announcement, the Group's capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of property, plant and equipment amounted to approximately HK\$8,243,000.

Employees

The Group employed 426 full-time employees as at 30 June 2024 (31 December 2023: 466) in Hong Kong and the PRC. Remuneration of the staff comprises monthly salaries, provident fund contributions, medical benefits, training programs, housing allowances and discretionary bonus based on their qualifications, job nature, performance and working experiences referencing to the prevailing market rate and contributions to the Group. Staff costs including Directors' emoluments for the six months ended 30 June 2024 were approximately HK\$39,240,000 (six months ended 30 June 2023: HK\$35,331,000).

PROSPECTS

In 2024, the notices and industry policies enacted by the PRC government in relation to the mining safety and green mine construction had raised the standards and requirements for operation and environmental protection in the mining industry, such as adoption of environmentally-friendly and intelligent mining and mineral processing equipment and stringent environmental protection laws. It is expected that these new requirements will materially increase our operating costs and capital expenditures to renewing and rebuilding existing facilities as well as the infrastructures of our Inner Mongolia Coal Mine 958 in the coming years.

In view of the reinforcement of industry standards and policies in the PRC over the past years, the Group keeps on exploring suitable business and investment opportunities in mining and energy sectors in different countries to broaden its business portfolio. As at the date of this announcement, the Group had completed the acquisition of equity interests in a copper mine located in Laos, which expanded the Group's business reach onto the mining industry in Southeast Asia.

Recently, Hong Kong has entered into a series of memorandums of understanding (covering areas such as trade and economic partnership, investment promotion and logistics co-operation etc.) with the Association of Southeast Asian Nations (ASEAN) member states Laos, Cambodia and Vietnam, we believe that there will be a more favourable business environment for our copper mining business as well as future investments in ASEAN.

Moving forward, we will implement effective cost saving measures and funding management with an aim to continuously diversifying our business portfolio not only limited to mining sectors and increasing the geographic diversity in order to enhance our shareholders' value.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Lee Wai Ming, Mr. Chang Xuejun and Mr. Li Juhui. The primary duties of the Audit Committee are to review the financial information of the Group, to oversee the financial reporting system, risk management and internal control systems to ensure the integrity of the financial statements of the Group and the effectiveness of internal control and risk management systems of the Group. The Audit Committee has reviewed the unaudited interim financial statements and the interim report of the Company for the six months ended 30 June 2024.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "**CG Code**"). The Company has complied with the applicable code provisions as set out in the CG Code during the six months ended 30 June 2024 except for the following deviations:

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the passing away of the former chairman and executive Director of the Company, and the resignation of the chief executive officer of the Company, the Board does not have any chairman and chief executive officer. The duties and responsibilities of the Company's business are handled by the existing executive Directors and senior management of the Company so as to achieve the overall commercial objectives of the Company. The Company is looking for suitable person to fill the vacancy of the chairman and chief executive officer.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the required standard governing securities transactions by the Directors. The Company had made specific enquiries to all the Directors and all the Directors confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.grandocean65.com) respectively. The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and published on the above websites in due course.

By order of the Board
Grand Ocean Advanced Resources Company Limited
Ng Ying Kit
Executive Director

Hong Kong, 30 August 2024

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Ng Ying Kit, Mr. Guo Jianpeng and Mr. Jiang Xin; and three independent non-executive Directors, namely Mr. Lee Wai Ming, Mr. Chang Xuejun and Mr. Li Juhui.