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 2021

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 2021 (the "**Year**") as follows:

HIGHLIGHTS

- The total revenue of the Company was approximately HK$36,931,000 for the Year (2020: approximately HK$69,766,000), representing a decrease of approximately 47.06% as compared to 2020.

- The Group recorded a loss after tax of approximately HK$62,429,000 for the Year (2020: approximately HK$64,627,000), representing a decrease of approximately 3.40% as compared to 2020.

- The loss per share was approximately HK$3.71 cents for the Year (2020: approximately HK$8.00 cents), representing a decrease of approximately 53.63% as compared to 2020.

- The Group has significantly improved its financial position during the Year and recorded net assets of approximately HK$24,752,000 (2020: net liabilities of approximately HK$383,108,000).

- The Board does not recommend the payment of a final dividend for the Year (2020: Nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	**2021** **HK$'000**	2020 *HK$'000*
Revenue			
Contracts with customers		**36,235**	69,755
Interest income		**696**	11
Total revenue	3	**36,931**	69,766
Cost of sales		**(14,745)**	(64,615)
Gross profit		**22,186**	5,151
Other income		**7,447**	3,457
Other gains and losses	4	**40,681**	72,412
Administrative expenses		**(69,522)**	(63,081)
Amortisation of production sharing contract	9	**(4,754)**	(5,035)
Gain on bargain purchase		**–**	6,474
Impairment loss on production sharing contract	9	**(5,342)**	(11,376)
Impairment loss on property, plant and equipment		**(1,670)**	(1,946)
(Loss) profit from operations		**(10,974)**	6,056
Finance costs	5(a)	**(53,838)**	(70,794)
Loss before tax	5	**(64,812)**	(64,738)
Income tax	6	**2,383**	111
Loss for the year		**(62,429)**	(64,627)
Attributable to:			
Owners of the Company		**(61,960)**	(64,369)
Non-controlling interests		**(469)**	(258)
		(62,429)	(64,627)
Loss per share			
Basic and diluted *(HK cents per share)*	8	**(3.71)**	(8.00)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	HK$'000	*HK$'000*
Loss for the year	**(62,429)**	(64,627)
Other comprehensive expense		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(5,288)**	(6,577)
Other comprehensive expense for the year, net of income tax	**(5,288)**	(6,577)
Total comprehensive expenses for the year	**(67,717)**	(71,204)
Attributable to:		
Owners of the Company	**(67,248)**	(70,946)
Non-controlling interests	**(469)**	(258)
	(67,717)	(71,204)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**108,895**	109,118
Right-of-use assets		**23,399**	34,916
Intangible assets	9	**77,560**	84,966
Goodwill		**–**	308
Deposits	10	**3,072**	2,259
		212,926	231,567
Current assets			
Inventory		**255**	785
Financial assets at fair value through profit or loss		**2,318**	4,458
Trade and other receivables	10	**34,068**	79,250
Cash and bank balances		**106,379**	34,411
Cash held on behalf of clients		**10,286**	11,437
		153,306	130,341
Current liabilities			
Loan from Ultimate Holding Company		**107,510**	–
Loan from Ultimate Controlling Party		**70,477**	–
Other borrowing, unsecured		**12,138**	11,749
Trade and other payables	11	**95,391**	113,917
Bonds		**9,999**	–
Lease liabilities		**9,455**	9,995
Tax payables		**5,491**	5,450
Contract liabilities		**287**	278
Convertible notes – liabilities portion	12	**–**	311,945
Convertible notes – embedded derivatives	12	**–**	46,234
		310,748	499,568
Net current liabilities		**(157,442)**	(369,227)
Total assets less current liabilities		**55,484**	(137,660)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AT 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current liabilities			
Other payables	11	–	17,799
Bonds		–	9,996
Lease liabilities		**15,004**	24,087
Loan from Ultimate Holding Company		–	107,655
Deferred tax liabilities		**15,728**	17,691
Loan from Ultimate Controlling Party		–	68,220
		30,732	245,448
Net assets (liabilities)		**24,752**	(383,108)
Capital and reserves			
Share capital	13	**2,551,588**	2,075,632
Reserves		**(2,521,178)**	(2,453,891)
Equity (capital deficiency) attributable to owners of the Company		**30,410**	(378,259)
Non-controlling interests		**(5,658)**	(4,849)
Total equity (capital deficiency)		**24,752**	(383,108)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 is 45th Floor, Tower 1, Times Square, Causeway Bay, Hong Kong.

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**").

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of annual results 2021 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) ("**Companies Ordinance**") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2021 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 ("**Listing Rules**").

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$61,960,000 for the year ended 31 December 2021, and as at the same date, the Group's current liabilities exceeded its current assets by approximately HK$157,442,000.

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 2021, 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 payable of HK$10,010,000, 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 the principal amount of RMB54,000,000 (approximately HK$66,255,000) and interest payable of RMB3,441,000 (approximately HK$4,222,000) for the year ended 31 December 2021, the Ultimate Controlling Party will not demand for repayment until all other liabilities of the Group have been satisfied;

(iv) The Group will also seek additional financing including but not limited to open offer, placing of the new shares and issuance of bonds;

(v) 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 impact of the 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 date of this announcement 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 NEW AND 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 following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

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

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

New and amendments to 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[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
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 HKAS 16	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective date to be determined.

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 People's Republic of China ("**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:

	2021	2020
	HK$'000	*HK$'000*
Sale of electronic components	**1,772**	7,035
Financial business		
– Consultancy and referral income	**15,817**	719
– Brokerage commission income	**2,981**	79
– Interest income from IPO financing	**696**	11
– Management fee income	**26**	–
Wealth management		
– Commission income from insurance brokerage	**5,151**	1,523
Comprehensive healthcare		
– Sales of meltblown fabrics and related equipment and raw material	**10,488**	60,399
	36,931	69,766

(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. The Group has identified the following six reportable segments.

– 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 2021 and 2020 are set out below:

Year ended 31 December 2021

	Industrial sector			Financial sector			
	Electronic components *HK$'000*	Coalbed methane *HK$'000*	Comprehensive healthcare *HK$'000*	Financial business *HK$'000*	Wealth management *HK$'000*	Proprietary investment *HK$'000*	Total *HK$'000*
Recognised at a point in time	1,772	–	10,488	18,399	–	–	30,659
Recognised over time	–	–	–	425	5,151	–	5,576
Recognised from other source	–	–	–	696	–	–	696
Reportable segment revenue from external customers	1,772	–	10,488	19,520	5,151	–	36,931
Reportable segment results	(1,115)	(43,834)	(692)	4,497	428	(946)	(41,662)
Amortisation of production sharing contract	–	4,754	–	–	–	–	4,754
Depreciation on property, plant and equipment	–	9,873	2,306	64	11	–	12,254
Depreciation on right-of-use assets	229	–	–	1,754	–	–	1,983
Gain on disposal of property, plant and equipment	–	–	–	–	–	(53)	(53)
Gain on fair value change of convertible notes – embedded derivatives	–	(34,383)	–	–	–	–	(34,383)
Impairment loss on production sharing contract	–	5,342	–	–	–	–	5,342
Impairment loss on property, plant and equipment	–	1,670	–	–	–	–	1,670
Imputed interest on convertible notes	–	48,388	–	–	–	–	48,388
Imputed interest on lease liabilities	14	20	–	128	–	–	162
IPO loan interest expenses	–	–	–	382	–	–	382
Loss on disposal of financial assets at fair value through profit or loss	–	–	–	–	–	814	814
Net loss on revaluation of financial assets at fair value through profit or loss	–	–	19	–	–	–	19
Other income	(3)	(28)	(18)	(575)	(5)	(28)	(657)
Write-off of property, plant and equipment	–	141	–	–	25	–	166
Write-back of inventory	(9)	–	–	–	–	–	(9)
Reportable segment assets	722	159,125	32,081	55,695	3,187	43,875	294,685
Additions to non-current segment assets during the year	–	7,712	4,993	98	–	–	12,803
Reportable segment liabilities	(23,952)	(31,398)	(15,132)	(30,772)	(1,174)	–	(102,428)

Year ended 31 December 2020

	Industrial sector			Financial sector			
	Electronic components *HK$'000*	Coalbed methane *HK$'000*	Comprehensive healthcare *HK$'000*	Financial business *HK$'000*	Wealth management *HK$'000*	Proprietary investment *HK$'000*	Total *HK$'000*
Recognised at a point in time	7,035	–	60,399	747	–	–	68,181
Recognised over time	–	–	–	51	1,523	–	1,574
Recognised from other source	–	–	–	11	–	–	11
Reportable segment revenue from external customers	7,035	–	60,399	809	1,523	–	69,766
Reportable segment results	(733)	(27,152)	619	(5,131)	1,038	(4,258)	(35,617)
Amortisation of production sharing contract	–	5,035	–	–	–	–	5,035
Depreciation on property, plant and equipment	–	7,490	23	4	16	–	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)	(13)	(354)	–	–	(608)
Write-off of property, plant and equipment	–	2	–	–	37	–	39
Gain on derecognition of a subsidiary	(1)	–	–	–	–	–	(1)
Reportable segment assets	663	179,578	90,838	25,455	3,480	10,102	310,116
Additions to non-current segment assets during the year	–	14,397	18,554	324	208	–	33,483
Reportable segment liabilities	(22,838)	(388,998)	(69,798)	(14,732)	(1,948)	–	(498,314)

(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	**PRC**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
2021			
Revenue	**20,079**	**16,852**	**36,931**
Specified non-current assets	**33,351**	**179,575**	**212,926**

	Hong Kong	PRC	Total
	HK$'000	*HK$'000*	*HK$'000*
2020			
Revenue	8,648	61,118	69,766
Specified non-current assets	44,448	187,119	231,567

(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:

	2021		2020	
	Revenue	**Percentage**	Revenue	Percentage
	HK$'000	**of revenue**	*HK$'000*	of revenue
Customer A[2]	**7,187**	**19.46%**	N/A	N/A
Customer B[1]	**5,338**	**14.45%**	N/A	N/A
Customer C[2]	**4,770**	**12.92%**	N/A	N/A
Customer D[1]	**N/A**	**N/A**	27,842	40%
Customer E[1]	**N/A**	**N/A**	16,705	24%
Customer F[1]	**N/A**	**N/A**	15,214	22%

1 Revenue from sale of meltblown fabrics and related equipment and raw materials in comprehensive healthcare business.

2 Consultancy and referral income in financial business.

Save and except for the above, no other single customers contributed 10% or more to the Group's revenue for both 2021 and 2020.

4. OTHER GAINS AND LOSSES

	2021	2020
	HK$'000	*HK$'000*
Gain on fair value change of convertible notes – embedded derivatives	**34,383**	61,599
Loss on disposal of financial assets at fair value through profit or loss	**(814)**	(3,223)
Gain (loss) on disposal of property, plant and equipment	**53**	(5)
Net foreign exchange gain	**7,559**	14,244
Net loss on revaluation of financial assets at fair value through profit or loss	**(19)**	(28)
Write-back of inventory	**9**	–
(Loss) gain on derecognition of a subsidiary	**(16)**	1
Write-off of property, plant and equipment	**(166)**	(176)
Impairment loss on goodwill	**(308)**	–
	40,681	72,412

5. LOSS BEFORE TAX

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

	2021	2020
	HK$'000	*HK$'000*
(a) Finance costs		
Imputed interest on bonds	**703**	802
Imputed interest on convertible notes	**48,388**	51,478
Imputed interest on lease liabilities	**4,300**	2,728
Interest on borrowings	**65**	1,742
Interest on loan from Ultimate Holding Company	**–**	10,108
Interest on IPO financing	**382**	69
Interest on loan from Ultimate Controlling Party	**–**	3,867
	53,838	70,794
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**29,483**	26,153
Contributions to defined contribution retirement plans	**1,411**	1,202
Total staff costs	**30,894**	27,355
(c) Other items		
Auditor's remuneration		
– Audit services	**750**	680
– Non-audit services	**100**	219
Cost of inventories recognised as expenses	**10,708**	64,227
Depreciation of property, plant and equipment	**14,690**	8,959
Depreciation of right-of-use assets	**11,852**	7,724
(Gain) loss on disposal of property, plant and equipment	**(53)**	5
Lease payments for short-term lease not included in the measurement of lease liabilities	**793**	2,443

6. INCOME TAX

	2021	2020
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax	**142**	134
Hong Kong Profits Tax	**–**	–
	142	134
Deferred tax		
Current year	**(2,525)**	(245)
Income tax credit	**(2,383)**	(111)

(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%. No provision for Hong Kong profits tax has been made as the Group has no assessable profit derived from Hong Kong during the years ended 31 December 2021 and 2020.

(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% (2020: 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 under the Canada tax act during the years ended 31 December 2021 and 2020.

(iii) The subsidiaries in the PRC are subject to PRC Enterprise Income Tax rate of 25% (2020: 25%).

7. DIVIDEND

No dividend was paid or proposed during 2021, nor has any dividend been proposed since the end of reporting period (2020: Nil).

8. LOSS PER SHARE

(a) Basic loss per share

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

	2021	2020
	HK$'000	*HK$'000*
Loss for calculation of basic loss per share		
Loss for the year attributable to owners of the Company	**(61,960)**	(64,369)

	2021	2020
Number of shares		
Weighted average number of ordinary shares at 31 December	**1,669,822,168**	804,905,645

(b) Diluted loss per share

No adjustment was made in calculating diluted loss per share for the years ended 31 December 2021 and 2020 as the conversion of convertible notes (2020: 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 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 and 1 January 2021	3,919,239	1,000	3,920,239
Exchange adjustment	129,647	–	129,647
At 31 December 2021	4,048,886	1,000	4,049,886
Accumulated amortisation and impairment			
At 1 January 2020	3,594,279	–	3,594,279
Charge for the year	5,035	–	5,035
Impairment loss	11,376	–	11,376
Exchange adjustment	224,583	–	224,583
At 31 December 2020 and 1 January 2021	3,835,273	–	3,835,273
Charge for the year	4,754	–	4,754
Impairment loss	5,342	–	5,342
Exchange adjustment	126,957	–	126,957
At 31 December 2021	3,972,326	–	3,972,326
Carrying amount			
At 31 December 2021	76,560	1,000	77,560
At 31 December 2020	83,966	1,000	84,966

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 at that 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 (as defined below) 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 (as defined below) 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.

The PSC provides a term of thirty consecutive years commencing on 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 will 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 16.9 years (2020: 17.9 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:

	2021	2020
Period of cash flow projections	**16 years**	17 years
Discount rate (pre-tax)	**23.64%**	22.56%

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 coalbed methane ("**CBM**") reserve quantity used in the valuation of the PSC as at 31 December 2021 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 in 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$5,342,000 (2020: HK$11,376,000) has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2021.

(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

	2021	2020
	HK$'000	*HK$'000*
Trade receivables from:		
Electronic components	**14,643**	14,870
Financial business		
– Consultancy and referral service		
– Referral services	**3,202**	118
– Securities brokerage		
– Broker	**–**	122
– Management fee receivables	**9**	–
Wealth management	**347**	1,425
Comprehensive healthcare	**5,742**	59,501
	23,943	76,036
Less: Impairment allowance *(note (a))*	**(14,472)**	(14,472)
	9,471	61,564
Financial business		
– Securities brokerage		
– Cash client *(note (c))*	**11,011**	2,053
	20,482	63,617
Other receivables	**9,178**	8,172
Deposits and prepayments	**7,480**	9,720
	16,658	17,892
	37,140	81,509
Analysed for reporting purpose as:		
Non-current asset	**3,072**	2,259
Current asset	**34,068**	79,250
Total	**37,140**	81,509

Notes:

(a) Impairment allowance

As at 31 December 2021, the Group's trade receivables which were individually determined to be impaired amounted to HK$14,472,000 (2020: HK$14,472,000). The individually impaired receivables related to customers that are 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:

	2021	2020
	HK$'000	*HK$'000*
0–45 days	**3,714**	61,104
46–90 days	**637**	180
91–365 days	**5,120**	280
Over 365 days	**14,472**	14,472
	23,943	76,036
Less: Impairment allowance	**(14,472)**	(14,472)
	9,471	61,564

(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 2021, trade receivables of approximately HK$983,000 (2020: approximately HK$460,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and a substantial portion of the carrying amount is subsequently settled. The Group does not hold any collateral as security over these customers. The ageing analysis of the trade receivables which are past due but not impaired is as follows:

	2021	2020
	HK$'000	*HK$'000*
0–45 days	**637**	180
46–90 days	**346**	280
	983	460

11. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables for:		
Electronic components	**429**	819
Wealth management	**55**	196
Financial business		
– Securities brokerage		
– Clearing house	**10,905**	107
Comprehensive healthcare	**–**	54,770
	11,389	55,892
Financial business		
– Securities brokerage		
– Cash clients *(note (a))*	**9,344**	11,433
– Margin client	**525**	–
Total trade payables	**21,258**	67,325
Other payables *(note (c))*	**35,423**	33,318
Amounts due to non-controlling interests of a subsidiary	**17,168**	16,697
Accrued expenses	**21,542**	14,376
Total other payables and accruals	**74,133**	64,391
Total trade payables, other payables and accruals	**95,391**	131,716
Analysed for reporting purpose as:		
Non-current liabilities	**–**	17,799
Current liabilities	**95,391**	113,917
Total	**95,391**	131,716

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 remaining balance of trade payables of the Group, based on the dates of the invoices, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Current – within 1 month	**11,083**	55,229
More than 1 month but within 3 months	**285**	432
More than 3 months but within 6 months	**1**	59
More than 6 months	**20**	172
	11,389	55,892

(c) Other payables included approximately RMB3,148,000 (equivalent to approximately HK$3,882,000) of engineering fees payable to creditors in the PRC, approximately RMB3,809,000 (equivalent to approximately HK$4,673,000) of amount payable to China United and approximately RMB9,990,000 (equivalent to approximately HK$12,257,000) 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 amount 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 Convertible Notes with an aggregate outstanding principal amount of HK$105,000,000 and HK$260,000,000 were transferred to the Ultimate Holding Company on 12 November 2019 and 1 April 2020 respectively.

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

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

On 23 December 2021, the Convertible Notes with the principal amount of HK$150,000,000 were converted into 1,250,000,000 ordinary shares.

On 30 December 2021, the Convertible Notes with the principal amount of HK$90,000,000 were converted into 750,000,000 ordinary shares.

There was no outstanding Convertible Notes as at 31 December 2021.

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 *HK$'000*	**Liability portion** *HK$'000*	**Total** *HK$'000*
Carrying amount of convertible notes (with principal amount of HK$365,000,000) as at 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 paid on convertible notes converted	–	(100)	(100)
Carrying amount of convertible notes (with principal amount of HK$355,000,000) as at 31 December 2020 and 1 January 2021	46,234	311,945	358,179
Imputed interest charged to consolidated statement of profit or loss	–	48,388	48,388
Decrease in fair value credited to consolidated statement of profit or loss	(34,383)	–	(34,383)
Conversion of convertible notes (with principal amount of HK$355,000,000)	(11,851)	(354,601)	(366,452)
Interest paid on convertible notes converted	–	(5,732)	(5,732)
Carrying amount of convertible notes	–	–	–

13. SHARE CAPITAL

	Number of ordinary shares	Share capital *HK$'000*
Issued and fully paid		
At 1 January 2020	729,792,904	2,060,115
Issue of shares upon conversion of convertible notes *(note 12)*	83,333,333	10,555
Issue of shares upon exercise of warrants *(note (a))*	124,045,930	4,962
At 31 December 2020 and 1 January 2021	937,172,167	2,075,632
Issue of shares upon placement *(note (b))*	558,691,195	109,504
Issue of shares upon conversion of convertible notes *(note 12)*	2,958,333,333	366,452
At 31 December 2021	4,454,196,695	2,551,588

Notes:

(a) Issue of shares upon exercise of warrants

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

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

(b) Placing of new shares under general mandate

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

On 17 November 2021, completion of the placing of the 409,000,000 ordinary shares of the Company at a placing price HK$0.2 per share took place with net proceeds of approximately HK$80,164,000 raised.

14. CAPITAL COMMITMENTS

Capital commitments outstanding as at 31 December 2021 and 2020 not provided for in the consolidated financial statements were as follows:

	2021	2020
	HK$'000	*HK$'000*
Production sharing contract:		
– Contracted but not provided for	**17,758**	16,863

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 HK$42,943,000 (RMB35,000,000) equivalent in US dollars towards Area B, as the expected minimum exploration expenditure amount.

The Group has applied for an extension of the exploration period of Area B under the Fifth Modification Agreement with China United. The negotiation is still in progress with China United to agree on the terms and conditions, and based on past experience, the management of the Company considered that the chance to extend the exploration period is highly probable.

15. 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.

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 2021.

"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 2021, 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 2021 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 1(b) to the consolidated financial statements which indicated that the Group incurred a net loss attributable to owners of the Company of approximately HK$61,960,000 for the year ended 31 December 2021, and as at the same date, the Group's current liabilities exceeded its current assets by approximately HK$157,442,000. 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 the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis. Our audit opinion is not modified in respect of this matter."

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Industrial Sector

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

(a) 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 PRC to partner with foreign companies to explore, develop and produce CBM resources. Pursuant to the PSC, Can-Elite is the operator of the Anhui CBM resources 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 2021, the CBM operation was still in exploration stage with a total of 46 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 with 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. Can-Elite has applied to China United for an extension of the exploration period under the Fifth Modification Agreement. As of the date of this announcement, the relevant extension application is still under discussion.

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%.

In 2020, 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% pursuant to Article 7 of the Opinions. Due to the change of the responsible government authorities for approving the Extension Application, the vetting processes have been greatly extended. Under the cooperation with China United and our tremendous effort, the Extension Application was finally approved in late October 2021 and the area in the exploration permit was reduced to 425.628 square kilometres. Even though there was a significant delay in the Extension Application, the Group managed to proceed with the development as practicable as we could.

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

Despite the unfavourable weather conditions in Huaibei area, technical issues and the impact of COVID-19 pandemic, the drilling of the new horizontal well in Area A was completed in March 2021. On 4 August 2021, the horizontal well in Area A commenced to produce coalbed methane. The exploratory and production data obtained from the said horizontal well is important for the Company’s preparation of the Overall Development Plan (“**ODP**”) report and the development of the CBM business.

In the meantime, after lengthy and prudent selection of service providers and subsequent negotiations on relevant terms of agreement, Can-Elite entered into a technical services agreement (the “**TS Agreement**”) with Apaisi Oil & Gas Consulting Limited (the English name is for identification only) 阿派斯油藏技術(北京)有限公司 (“**Apaisi**”) on the preparation of the ODP report at a consideration of RMB2.95 million. Apaisi is a company established in the PRC with limited liability specialising in the provision of professional technical services on reserve assets evaluation, exploration evaluation, oil gas field development plan and adjustment plan preparation, integrated research on oil gas reservoirs, unconventional oil and gas field evaluation, and seismic data processing of all kinds of local and overseas oils and gases.

As of the date of this announcement, the preparation of the ODP report has been under progress according to the established timetable, and it is expected to be completed in the second or third quarter of 2022 and submitted to the relevant departments.

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

During the Year, Can-Elite continued to make new drilling of vertical exploration wells in Area B, in an effort to compile the reserves report as soon as possible.

In order to strengthen the Group's strength in the CBM business, the Group appointed Professor Zhang Suian, an authority in China's coalbed methane industry, as the senior consultant of the CBM business during the Year. The Group believed that Professor Zhang's expertise in coalbed methane, coal and petroleum industries will contribute to the development of the Group's CBM business.

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

As at 31 December 2021, despite a gain on fair value change of the embedded derivative portion of the convertible notes of HK$34,383,000 (2020: HK$61,599,000), a loss of HK$43,834,000 for CBM business (2020: HK$27,152,000) was recorded mainly due to the amortisation of the PSC of HK$4,754,000 (2020: HK$5,035,000), the imputed interest on convertible notes of HK$48,388,000 (2020: HK$51,478,000), depreciation of property, plant and equipment and right-of-use assets of HK$9,873,000 (2020: HK$8,065,000), impairment loss of HK$1,670,000 (2020: HK$1,946,000) on property, plant and equipment and impairment loss of HK$5,342,000 on the PSC in 2021 (2020: HK$11,376,000).

(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 renamed the categorised business as "Comprehensive Healthcare" with a view to further reflecting the business strategies of the Company thereafter.

During the Year, the Group derived revenue of approximately HK$10,488,000 (2020: HK$60,399,000) and a loss of approximately HK$692,000 (2020: profit of approximately HK$619,000) from this business, mainly from the sales of meltblown fabrics used for the filtration layer in face masks and sales of related raw materials.

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

(c) Electronic Components Business

Due to the fact that the global consumables market has been sliding into a recession, the revenue generated from the electronic components segment dropped to approximately HK$1,772,000 which represented a decrease of approximately 74.81% and recorded a loss of approximately HK$1,115,000 (2020: loss of approximately HK$733,000) when compared with last year. In view of the stringent market situation, the Group will continue to monitor the development of this business and will not rule out the possibility of scaling down or even disposing of this business segment in the near future with an aim to concentrate available resources on the core business of the Group.

Financial Sector

The financial sector includes (a) financial business; (b) wealth management business; and (c) proprietary investment business. Members of the Group possesses Type 1, 2, 4, 5 and 9 licences within the meaning under the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong ("**SFO**")), money lenders licence under Money Lenders Ordinance (Cap. 163 of the laws of Hong Kong), a principal intermediary registration within the meaning under the Mandatory Provident Fund Scheme Ordinance (Cap. 485 of the laws of Hong Kong) and insurance brokerage company licence within the meaning under the Insurance Ordinance (Cap. 41 of the laws of Hong Kong), so as to provide our customers with a one-stop financial and wealth management services. The Group has recruited qualified and experienced personnel during the Year.

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

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

(a) Financial Business

The financial business recorded a gradual development during the Year, amid the volatile financial market under the influence of the COVID-19 pandemic and Sino-US's tension. During the Year, the financial business recorded a revenue of approximately HK$19,520,000 (2020: HK$809,000) and a profit of approximately HK$4,497,000 (2020: loss of approximately HK$5,131,000).

With the Group's concerted effort and proactive development strategy, the Group held 2,687 client accounts (31 December 2020: 270) and client assets of approximately HK$56,852,000 (31 December 2020: approximately HK$20 million) as at 31 December 2021.

(b) Wealth Management Business

Even though the border restriction between the PRC and Hong Kong has not yet been lifted, the business has recorded a satisfactory development during the Year. During the Year, more insurance professionals were recruited by the Group to provide valuable wealth management and insurance solutions and advices to our customers. During the Year, the segment revenue and profit amounted to approximately HK$5,151,000 (2020: HK$1,523,000) and approximately HK$428,000 (2020: HK$1,038,000) respectively.

(c) Proprietary Investment Business

Under the impact of pandemic, tense Sino-US relations and global political uncertainty, the stock market remained volatile during the Year. Thus, the Group has adopted a more prudent approach in proprietary investment and recorded a loss of approximately HK$946,000 during the Year (2020: loss of approximately HK$4,258,000).

As at 31 December 2021, the Group did not hold any securities investments.

PROSPECTS

The "14th Five-Year Plan" promulgated by the PRC government emphasises the active promotion of low-carbon and clean transformation to achieve the goal of carbon peak and carbon neutrality. Given that the global warming and associated environmental problems have deteriorated rapidly, the public's awareness of environmental protection is gradually rising, and all walks of life of the society are showing their grave concerns on the national policies. Moreover, as coalbed methane is a clean energy, it has come to the country's great concern, and that the Group will continue such energy development to tie in with the national policy. In the future, the Group will do its utmost to closely follow the national plan for clean energy development and continue to, develop the coalbed methane projects and make contributions to achieve the goal of carbon neutrality.

During the Year, the development of the financial and industrial sectors of the Group was promoted in an orderly manner, leading to continuous expansion in its business scope and delivering greater results in its project execution. Looking ahead to 2022, the global economy is still unstable under the shadow of COVID-19 pandemic and the political uncertainties in the world. The Group will make concerted efforts to enhance its operation and management efficiency, and to equip itself to cope with the upcoming stringent business environment. The Group will adhere to its vision of "conducting constant innovation and forging a centennial enterprise", continue to consolidate the foundation of its businesses, and firmly move towards its grand blueprint of the "Centennial Golden Century" in a more stable, efficient and high-spirited manner.

FINANCIAL REVIEW

Revenue

The Group recorded a revenue of HK$36,931,000 for the Year, which represented a decrease of 47.06% when compared with that of last year (2020: HK$69,766,000).

Due to the keen market competition, the revenue generated from the sales of medical devices and epidemic-prevention supplies and products under the comprehensive healthcare business recorded a decrease of about 82.64% from HK$60,399,000 for 2020 to HK$10,488,000 for the Year.

In addition, there was a further decline in the electronic components business with a decrease of 74.81% from HK$7,035,000 for 2020 to HK$1,772,000 for the Year. However, as far as the financial sector is concerned, there was a gradual business development in the Year. The contribution from the financial business and wealth management business were approximately HK$19,520,000 (2020: HK$809,000) and HK$5,151,000 (2020: HK$1,523,000) respectively.

It was also noted that none of revenue came from the coalbed methane exploration and exploitation business for the Year (2020: Nil).

Gross Profit

The Group recorded a gross profit of HK$22,186,000 for the Year which indicated an increase of about 330.71% when compared with that of last year (2020: HK$5,151,000). It was mainly attributable to the development of businesses in the financial sector.

Other Income

The other income increased by about 115.42% from HK$3,457,000 for 2020 to HK$7,447,000 for the Year. It was mainly attributable to the income of sublease office area to an independent third party as well as some referral incomes.

Other Gains and Losses

The gains significantly decreased by about 43.82% from HK$72,412,000 for 2020 to HK$40,681,000 for the Year. It was mainly attributable to the decrease in gain on fair value change of convertible notes – embedded derivatives by HK$27,216,000 to HK$34,383,000 for the Year.

Administrative Expenses

The Group recorded the administrative expenses of HK$69,522,000 for the Year, which indicated an increase of about 10.21% from HK$63,081,000 of last year. The increment was mainly attributable to the increase in depreciation of property, plant and equipment, depreciation of right-of-use assets and staff cost.

(Loss)/profit from Operations

The Group turned from the profit of HK$6,056,000 of last year to a loss of HK$10,974,000 for the Year, which was mainly attributable to (i) the decrease in other gains and losses, (ii) the increase in administrative expenses, and (iii) the gain on bargain purchase last year, but was partly offset by the increase in gross profit and other income.

Finance Costs

The finance costs incurred for the Year were HK$53,838,000 (2020: HK$70,794,000), which were mainly imputed interests on convertible notes.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group's cash and bank balances amounted to HK$106,379,000 (2020: HK$34,411,000), which were mainly denominated in Hong Kong dollars and Renminbi. The net current liabilities of the Group were approximately HK$157,442,000 (2020: the net current liabilities of HK$369,227,000). As at 31 December 2021, the Group had bonds of HK$9,999,000 (2020: HK$9,996,000), loan from Century Gold Millennium International Holdings Group Limited ("**Ultimate Holding Company**" or "**Century Gold**") of HK$107,510,000 (2020: HK$107,655,000), loan from Mr. Pan Jibiao, the ultimate controlling party of the Company ("**Ultimate Controlling Party**") of HK$70,477,000 (2020: HK$68,220,000) and convertible notes (liability and embedded derivatives portion) of nil (2020: HK$358,179,000).

The amount due to the Ultimate Controlling Party and the other borrowing were unsecured, interest-free and denominated in RMB, while the bonds was interest bearing with a fixed interest rate of 7% per annum and were denominated in Hong Kong dollars.

GEARING RATIO

As at 31 December 2021, the Group had total assets amounting to HK$366,232,000 (2020: HK$361,908,000) and total liabilities of HK$341,480,000 (2020: HK$745,016,000). The gearing ratio of the Group, calculated as total liabilities over total assets and expressed as percentage figure, was 93.24% as at 31 December 2021 (2020: 205.86%).

CAPITAL STRUCTURE

As at 31 December 2021, the Group had equity attributable to the Shareholders of HK$30,410,000 (2020: capital deficiency of HK$378,259,000).

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). Completion of the CN Transfer Agreement took place 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. Convertible Notes with the principal amount of HK$355,000,000 remained outstanding as at 31 December 2020.

During the Year, the Convertible Notes with the principal amount of HK$355,000,000 were converted into 2,958,333,333 ordinary shares at the conversion price of HK$0.12 per share. The Group did not have any outstanding Convertible Notes as at 31 December 2021.

Placing under General Mandates

The Group has managed to improve its financial position and has conducted two placings of shares under general mandates during the Year.

On 15 March 2021, the Group entered into a placing agreement with an independent financial institution to raise fund by issuance of shares under general mandate (the "**March Placing**"). The placing price was HK$0.20 per share, representing a discount of approximately 18.70% to the closing price of HK$0.246 per share of the Company on 15 March 2021, being the date of the placing agreement. In order to satisfy the daily operational needs of the Group, the Directors considered that the March Placing represented an opportunity to raise additional funding for the Company to satisfy its imminent needs of cash and to enlarge the shareholder base of the Company which may in return enhance the liquidity of the Shares without interest burden within a relatively shorter time frame and at lower costs when compared with other means of fundraising.

On 25 March 2021, completion of the March Placing took place. A total of 149,691,195 ordinary shares were successfully placed by the placing agent to not less than six placees which were independent third parties at the placing price of HK$0.20 per share pursuant to the terms and conditions of the placing agreement. The net proceeds of approximately HK$29,340,000 were raised. On this basis, the net issue price of each placing share was approximately HK$0.196. HK$20,000,000 of the net proceeds has been used for the financial business for its IPO financing business and related operations while the remaining balance of HK$9,340,000 has been used as general working capital of the Group.

Afterwards, the Group entered into another placing agreement with the independent financial institution on 22 October 2021 to raise an additional fund by issuance of shares under general mandate granted in the Company's annual general meeting held in June 2021 (the "**October Placing**"). The placing price was HK$0.2 per share, representing a discount of approximately 13.04% to the closing price of HK$0.23 per share of the Company on 22 October 2021, being the date of the placing agreement. The Directors considered that the October Placing represented a good opportunity to raise additional funds to strengthen the Company's financial position and to provide fuel for development of its business. It would also widen the Company's shareholder base and hopefully improve the liquidity of the shares of the Company.

Completion of the October Placing took place on 17 November 2021. A total of 409,000,000 ordinary shares were successfully placed by the placing agent to not less than six placees which were independent third parties at the placing price of HK$0.20 per share pursuant to the terms and conditions of the placing agreement. The net proceeds of approximately HK$80,164,000 were raised while the net issue price of each placing share was approximately HK$0.196. The entire net proceeds were intended to be applied and have been applied as general working capital of the Group.

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

COMMITMENTS

Details of the commitments of the Group are set out in note 14 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 15 to the consolidated financial statements, the Group had no other contingencies as at 31 December 2021.

CHARGES ON ASSETS

As at 31 December 2021, 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

The Group had no material event after the reporting period.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 68 employees, of which 28 were in Hong Kong and 40 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.

The emolument payable to the Directors was determined with reference to their qualification and experience and subject to review of the remuneration committee of the Company.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures in the Year.

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. Wong Man Hung Patrick. 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 then prevailing Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules ("**CG Code**") 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. Pan Jibiao was the CEO of the Company and the chairman of the Board. This constitutes a deviation from the code provision A.2.1. However, the chairman of the Board and CEO, Mr. Pan Jibiao, who is also an executive Director, has led the Board and ensured that the Board works together as a group and that decisions of the Board are taken on a well-informed basis and in the best interest of the Company and all important issues are discussed in a timely manner. Mr. Pan Jibiao also manages the strategic development of business and operation of the Group while the Group develops its business with his leadership in the Board.

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

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

MODEL CODE FOR SECURITIES 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 subsidiaries 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 after the 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 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, 25 March 2022

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