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## GREEN LEADER HOLDINGS GROUP LIMITED

綠領控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 61)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Director(s)**”) of Green Leader Holdings Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) hereby announces the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2022 (the “**Interim Financial Information**”) together with the comparative figures for the corresponding period in 2021. The Interim Financial Information had not been reviewed or audited by the Company’s auditor, but had been reviewed by the audit committee of the Company (the “**Audit Committee**”).

#### HIGHLIGHTS

| Financial Highlights  | Six months ended 30 June |             |          |
|---|--------------------------|-------------|----------|
|   | 2022                     | 2021        | Change   |
|   | HK\$'000                 | HK\$'000    | HK\$'000 |
|   | (Unaudited)              | (Unaudited) |          |
| Revenue   | 1,163,491                | 312,880     | 850,611  |
| Gross profit  | 485,490                  | 23,553      | 461,937  |
| Profit for the period                                       | 864,315                  | 164,203     | 700,112  |
| Profit for the period attributable to owners of the Company | 304,288                  | 34,048      | 270,240  |

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

|   | Notes | Six months ended 30 June        |                                 |
|---|-------|---------------------------------|---------------------------------|
|   |       | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Revenue   | 4     | 1,163,491                       | 312,880                         |
| Cost of sales   |       | <u>(678,001)</u>                | <u>(289,327)</u>                |
| Gross profit  |       | 485,490                         | 23,553                          |
| Other operating income  | 4     | 5,872                           | 1,239                           |
| Selling and distribution expenses   |       | (1,352)                         | (1,487)                         |
| Administrative and other operating expenses   |       | (211,731)                       | (149,924)                       |
| Reversal of impairment losses recognised in respect<br>of mining rights                 |       | 725,983                         | 381,694                         |
| Reversal of impairment losses recognised in respect<br>of property, plant and equipment |       | 311,356                         | 133,936                         |
| Finance costs   | 5     | <u>(227,111)</u>                | <u>(148,972)</u>                |
| Profit before taxation  | 6     | 1,088,507                       | 240,039                         |
| Income tax expense  | 7     | <u>(224,192)</u>                | <u>(75,836)</u>                 |
| <b>Profit for the period</b>  |       | <b><u>864,315</u></b>           | <b><u>164,203</u></b>           |
| <b>Profit for the period attributable to:</b>   |       |                                 |                                 |
| Owners of the Company   |       | 304,288                         | 34,048                          |
| Non-controlling interests   |       | <u>560,027</u>                  | <u>130,155</u>                  |
|   |       | <b><u>864,315</u></b>           | <b><u>164,203</u></b>           |
| <b>Earnings per share (HK cents)</b>  |       |                                 |                                 |
| Basic   | 9     | <u>57.85</u>                    | <u>6.47</u>                     |
| Diluted   | 9     | <u>14.17</u>                    | <u>2.83</u>                     |

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

*For the six months ended 30 June 2022*

|  | <b>Six months ended 30 June</b> |                 |
|--|---------------------------------|-----------------|
|  | <b>2022</b>                     | 2021            |
|  | <i><b>HK\$'000</b></i>          | <i>HK\$'000</i> |
|  | <b>(Unaudited)</b>              | (Unaudited)     |
| <b>Profit for the period</b>   | <u><b>864,315</b></u>           | <u>164,203</u>  |
| <b>Other comprehensive (expense)/income for the period:</b>                                |                                 |                 |
| Items that may be subsequently reclassified to profit or loss:                             |                                 |                 |
| Exchange differences on translation of foreign operations                                  | (21,676)                        | (7,742)         |
| Reclassification adjustments for foreign operations<br>deregistration of during the period | <u>144</u>                      | <u>–</u>        |
| Total comprehensive income for the period  | <u><b>842,783</b></u>           | <u>156,461</u>  |
| <b>Total comprehensive income for the period<br/>attributable to:</b>                      |                                 |                 |
| Owners of the Company  | 313,544                         | 27,946          |
| Non-controlling interests  | <u>529,239</u>                  | <u>128,515</u>  |
|  | <u><b>842,783</b></u>           | <u>156,461</u>  |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

|  | <i>Note</i> | <b>30 June<br/>2022</b> | 31 December<br>2021 |
|--|-------------|-------------------------|---------------------|
|  |             | <b>HK\$'000</b>         | <b>HK\$'000</b>     |
|  |             | <b>(Unaudited)</b>      | <b>(Audited)</b>    |
| <b>Non-current assets</b>  |             |                         |                     |
| Property, plant and equipment  |             | <b>2,451,606</b>        | 2,239,815           |
| Mining rights  |             | <b>6,103,979</b>        | 5,808,415           |
| Intangible assets  |             | <b>12,404</b>           | 14,195              |
| Deposits paid for acquisition of property,<br>plant and equipment                              |             | <b>4,743</b>            | 13,683              |
|  |             | <b><u>8,572,732</u></b> | <u>8,076,108</u>    |
| <b>Current assets</b>  |             |                         |                     |
| Inventories  |             | <b>132,269</b>          | 152,223             |
| Trade receivables  | <i>10</i>   | <b>339,995</b>          | 77,017              |
| Prepayment, deposits, bills receivables, discounted<br>bills receivables and other receivables |             | <b>129,347</b>          | 168,884             |
| Amounts due from related<br>companies  |             | <b>5,895</b>            | 6,169               |
| Cash and cash equivalents  |             | <b>38,064</b>           | 146,141             |
|  |             | <b><u>645,570</u></b>   | <u>550,434</u>      |

|   |             | <b>30 June</b>     | 31 December        |
|---|-------------|--------------------|--------------------|
|   |             | <b>2022</b>        | 2021               |
|   | <i>Note</i> | <b>HK\$'000</b>    | <b>HK\$'000</b>    |
|   |             | <b>(Unaudited)</b> | <b>(Audited)</b>   |
| <b>Current liabilities</b>  |             |                    |                    |
| Trade payables  | 11          | 1,798              | 38,821             |
| Other payables  |             | 882,716            | 754,867            |
| Amount due to a director  |             | 14,823             | 14,821             |
| Amounts due to non-controlling interests                          |             | 5,812,390          | 5,976,141          |
| Other borrowings  |             | 312,921            | 313,621            |
| Liabilities component of convertible loan notes                   |             | 379,280            | 354,771            |
| Lease liabilities   |             | 3,017              | 5,856              |
| Income tax liabilities  |             | 13,469             | 66,095             |
|   |             | <u>7,420,414</u>   | <u>7,524,993</u>   |
| <b>Net current liabilities</b>                                    |             | <u>(6,774,844)</u> | <u>(6,974,559)</u> |
| <b>Total assets less current liabilities</b>                      |             | <u>1,797,888</u>   | <u>1,101,549</u>   |
| <b>Capital and reserves</b>                                       |             |                    |                    |
| Share capital   |             | 526                | 526                |
| Reserves  |             | (2,038,043)        | (2,351,587)        |
| <b>Capital deficiencies attributable to owners of the Company</b> |             | <b>(2,037,517)</b> | <b>(2,351,061)</b> |
| <b>Non-controlling interests</b>                                  |             | <u>2,214,861</u>   | <u>1,685,622</u>   |
| <b>Total equity/(capital deficiencies)</b>                        |             | <u>177,344</u>     | <u>(665,439)</u>   |
| <b>Non-current liabilities</b>                                    |             |                    |                    |
| Provision for restoration, rehabilitation and environmental costs |             | 87,470             | 88,859             |
| Amounts due to related companies                                  |             | 142,857            | 144,755            |
| Other payables  |             | 108,349            | 328,487            |
| Lease liabilities   |             | 10,592             | 21,650             |
| Deferred tax liabilities  |             | 1,271,276          | 1,183,237          |
|   |             | <u>1,620,544</u>   | <u>1,766,988</u>   |
|   |             | <u>1,797,888</u>   | <u>1,101,549</u>   |

## NOTES

*For the six months ended 30 June 2022*

### 1. GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (the “Interim Financial Information”)

Green Leader Holdings Group Limited (the “**Company**”), together with its subsidiaries, (collectively know as the “**Group**”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activities of the Company are investment holding and provision of finance and treasury services to the Group. During the period, the Group was principally engaged in (i) coal exploration and development, sales of coking coal and other coal products and provision of coal related services; (ii) the sales of information technology products, provision of systems integration services, technology services, software development and solution services; and (iii) the development of cassava cultivation and deep processing business for the related ecological cycle industry cycle.

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Information are presented in Hong Kong dollar (“**HK\$**”), rounded to the nearest thousand, which is also the functional currency of the Company.

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

The Interim Financial Information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The Interim Financial Information and notes thereon do not include all of the information required for a full set of consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”). The Interim Financial Information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

The financial information relating to the financial year ended 31 December 2021 that is included in the Interim Financial Information as comparative information does not constitute the Company's statutory annual financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2021 are available from the Company's registered office. The auditor has expressed a disclaimer of opinion on the consolidated financial statements for the year ended 31 December 2021 in their report dated 25 March 2022.

### **Going concern basis**

In preparing the Interim Financial Information, the Directors have given consideration to the future liquidity of the Group.

The Group had net current liabilities of approximately HK\$6,774,844,000 whereas its cash and cash equivalents amounted to approximately HK\$38,064,000 as at 30 June 2022. Besides, included in the net current liabilities of the Group, there are other borrowings related to convertible loan notes issued in 2017 (the "2017 Convertible Loan Notes") by the Company with carrying amounts of approximately HK\$312,000,000 which were matured on 10 July 2020 and amounts due to non-controlling interests were either past due as at 30 June 2022 or the amounts were repayable on demand.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 30 June 2022 after taking into consideration of the following:

- (i) the Group is in negotiation with the non-controlling interests of the amounts due by the Group for extending the repayment due date;
- (ii) the Group is in the negotiation with the holder of the 2017 Convertible Loan Notes to restructure the repayment timetable of the Company's financial obligation; and
- (iii) external facilities shall be available to the Group.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the Interim Financial Information on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group will be able to continue as going concern, which will depend upon the Group's ability to generate adequate financial cash flows through the following:

- (i) successfully negotiation with the non-controlling interests to extend the repayment due dates;
- (ii) successfully negotiating with the holder of the 2017 Convertible Loan Notes to restructure the repayment timetable of the Company's financial obligations; and
- (iii) successfully obtaining external facilities for fulfilling its other existing financing obligations.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the Interim Financial Information.

## 2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Information have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Other than additional accounting policies resulting from application of amendments to HKFRSs and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the Interim Financial Information for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

### **Application of amendments to HKFRSs**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's Interim Financial Information:

|                       |  |
|-----------------------|--|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework                        |
| Amendment to HKFRS 16 | Covid-19 – Related Rent Concessions beyond 30 June 2021      |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract            |
| Amendments to HKFRSs  | Annual Improvements to HKFRSs 2018–2020                      |

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



The Group has not applied any new and amendments to HKFRSs that have been issued but not yet effective for the current accounting period.

### 3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the executive directors (being the chief operating decision maker (the "CODM")) for the purposes of resources allocation and performance assessment are as follows:

|  |   |   |
|--|---|---|
| Mining operation                                   | – | Geological survey, exploration and development of coal deposits, and sales of coking coal   |
| Coal operation                                     | – | Coal processing, sales of coal products and provision of coal related services  |
| System integration services and software solutions | – | Sales of information technology products, provision of systems integration services, technology services, software development and solutions services |
| Cassava starch operation                           | – | Provision of cultivation and processing of cassava starch for sale  |

For management purpose, the Group is organised into business units based on their products and services. The management of the Group monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss which in certain respects, as explained in the table below, is measured differently from the operating profit or loss in the condensed consolidated statement of profit or loss.

For the purposes of monitoring segment performance and allocating resources between segments, the CODM also reviews other segment information.

## Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable and operating segments for continuing operations.

|                                 | Systems integration services<br>and software solutions |  | Mining operation                       |  | Coal operation                         |  | Cassava starch operation               |  | Total                                  |  |
|---------------------------------|--|--|--|--|--|--|--|--|--|--|
|                                 | 2022<br><i>HK\$'000</i><br>(Unaudited)                 | 2021<br><i>HK\$'000</i><br>(Unaudited) | 2022<br><i>HK\$'000</i><br>(Unaudited) | 2021<br><i>HK\$'000</i><br>(Unaudited) | 2022<br><i>HK\$'000</i><br>(Unaudited) | 2021<br><i>HK\$'000</i><br>(Unaudited) | 2022<br><i>HK\$'000</i><br>(Unaudited) | 2021<br><i>HK\$'000</i><br>(Unaudited) | 2022<br><i>HK\$'000</i><br>(Unaudited) | 2021<br><i>HK\$'000</i><br>(Unaudited) |
| <b>Six months ended 30 June</b> |  |  |  |  |  |  |  |  |  |  |
| <b>REVENUE</b>                  |  |  |  |  |  |  |  |  |  |  |
| Sales to external customers     | <u>-</u>   | <u>-</u>                               | <u>1,091,146</u>                       | <u>312,880</u>                         | <u>72,345</u>                          | <u>-</u>                               | <u>-</u>                               | <u>-</u>                               | <u>1,163,491</u>                       | <u>312,880</u>                         |
| <b>RESULTS</b>                  |  |  |  |  |  |  |  |  |  |  |
| Segment (loss)/profit           | <u>(300)</u>   | <u>(67)</u>                            | <u>1,309,376</u>                       | <u>397,715</u>                         | <u>12,674</u>                          | <u>-</u>                               | <u>(6,806)</u>                         | <u>(265)</u>                           | <u>1,314,944</u>                       | <u>397,383</u>                         |
| Unallocated income              |  |  |  |  |  |  |  |  | <u>4,473</u>                           | <u>210</u>                             |
| Unallocated expenses            |  |  |  |  |  |  |  |  | <u>(3,799)</u>                         | <u>(8,582)</u>                         |
| Finance costs                   |  |  |  |  |  |  |  |  | <u>(227,111)</u>                       | <u>(148,972)</u>                       |
| Profit before taxation          |  |  |  |  |  |  |  |  | <u>1,088,507</u>                       | <u>240,039</u>                         |

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) from each segment without allocation of central administrative expenses, including the directors' and chief executive's emoluments, certain other income, other expenses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

For the purpose of assessment by the CODM, the finance cost of amounts due to non-controlling interests, advances drawn on discounted bills and lease liabilities were not included in segment results while the corresponding liabilities have been included in the segment liabilities.

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

### *Segment assets*

|   | <b>30 June<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>HK\$'000<br>(Audited) |
|---|--|--|
| Systems integration services and software solutions | 2,461  | 2,347  |
| Mining operation                                    | 9,190,765  | 8,556,524                                    |
| Coal operation                                      | 20,507   | 55,286                                       |
| Cassava starch operation                            | <u>1,866</u>   | <u>8,664</u>                                 |
| Total segment assets                                | 9,215,599  | 8,622,821                                    |
| Unallocated corporate assets                        | <u>2,703</u>   | <u>3,721</u>                                 |
| Consolidated total assets                           | <u><b>9,218,302</b></u>                              | <u><b>8,626,542</b></u>                      |

### *Segment liabilities*

|   | <b>30 June<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>HK\$'000<br>(Audited) |
|---|--|--|
| Systems integration services and software solutions | 4,499  | 4,551  |
| Mining operation                                    | 6,834,974  | 7,278,511                                    |
| Coal operation                                      | 682  | 43,827                                       |
| Cassava starch operation                            | <u>3,298</u>   | <u>3,323</u>                                 |
| Total segment liabilities                           | 6,843,453  | 7,330,212                                    |
| Unallocated corporate liabilities                   | <u>2,197,505</u>                                     | <u>1,961,769</u>                             |
| Consolidated total liabilities                      | <u><b>9,040,958</b></u>                              | <u><b>9,291,981</b></u>                      |

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain prepayment, deposits and other receivables, amounts due from related companies, certain cash and cash equivalents and assets jointly used by reportable segments.
- all liabilities are allocated to reportable segments other than certain other payables, certain amounts due to related companies, amount due to a director, other borrowings, liabilities component of convertible loan notes, certain lease liabilities, deferred tax liabilities and liabilities jointly liable by reportable segments.

#### 4. REVENUE AND OTHER OPERATING INCOME

##### i) Revenue from goods and services

###### *Disaggregation of revenue*

| Segment                                | Systems integration services and software solutions |   |                 |         | Mining operation |   | Coal operation  |   | Cassava starch operation |           | Total           |       |
|--|---|---|-----------------|---------|------------------|---|-----------------|---|--------------------------|-----------|-----------------|-------|
|  | 2022  |   | 2021            |         | 2022             |   | 2021            |   | 2022                     |           | 2021            |       |
|  | <i>HK\$'000</i>                                     |   | <i>HK\$'000</i> |         | <i>HK\$'000</i>  |   | <i>HK\$'000</i> |   | <i>HK\$'000</i>          |           | <i>HK\$'000</i> |       |
|  | (Unaudited)   |   | (Unaudited)     |         | (Unaudited)      |   | (Unaudited)     |   | (Unaudited)              |           | (Unaudited)     |       |
| Six months ended 30 June               |   |   |                 |         |                  |   |                 |   |                          |           |                 |       |
| Types of goods or services             |   |   |                 |         |                  |   |                 |   |                          |           |                 |       |
| Sales of goods                         |   |   |                 |         |                  |   |                 |   |                          |           |                 |       |
| - Raw coal                             | -   | - | 908,886         | 5,475   | -                | - | -               | - | -                        | -         | 908,886         | 5,475 |
| - Clean coal                           | -   | - | 11,753          | 300,373 | 68,143           | - | -               | - | -                        | 79,896    | 300,373         |       |
| - Other coal products                  | -   | - | 170,507         | 7,032   | 4,202            | - | -               | - | -                        | 174,709   | 7,032           |       |
|  | -   | - | 1,091,146       | 312,880 | 72,345           | - | -               | - | -                        | 1,163,491 | 312,880         |       |
| Geographical markets                   |   |   |                 |         |                  |   |                 |   |                          |           |                 |       |
| People's Republic of China (the "PRC") | -   | - | 1,091,146       | 312,880 | 72,345           | - | -               | - | -                        | 1,163,491 | 312,880         |       |
| Timing of revenue recognition          |   |   |                 |         |                  |   |                 |   |                          |           |                 |       |
| A point in time                        | -   | - | 1,091,146       | 312,880 | 72,345           | - | -               | - | -                        | 1,163,491 | 312,880         |       |

##### ii) Other operating income

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2022                           | 2021                           |
|   | <i>HK\$'000</i><br>(Unaudited) | <i>HK\$'000</i><br>(Unaudited) |
| Bank interest income                              | 99                             | 43                             |
| Gain on disposal of a subsidiary                  | 624                            | -                              |
| Gain on deregistration of subsidiaries            | 3,583                          | -                              |
| Government grants ( <i>Note</i> )                 | 67                             | 6                              |
| Gain on disposal of property, plant and equipment | -                              | 479                            |
| Sundry income                                     | 1,499                          | 711                            |
|   | <u>5,872</u>                   | <u>1,239</u>                   |

*Note:*

Government grants mainly represent subsidies granted by the PRC local government as a support. There is no unfulfilled conditions or contingencies relating to such government subsidies recognised.

## 5. FINANCE COSTS

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Effective interest on convertible loan notes  | 24,509                          | 21,421                          |
| Interest on other borrowings and advances drawn on discounted bills                       | 124,902                         | 9,776                           |
| Interest on lease liabilities   | 774                             | 1,023                           |
| Interest on amounts due to non-controlling interests                                      | <u>107,725</u>                  | <u>148,233</u>                  |
| Total interest expenses on financial liabilities not at fair value through profit or loss | 257,910                         | 180,453                         |
| Less: amounts capitalised in construction in progress                                     | (33,432)                        | (32,859)                        |
| Imputed interest for provision for restoration, rehabilitation and environmental costs    | <u>2,633</u>                    | <u>1,378</u>                    |
|   | <u><u>227,111</u></u>           | <u><u>148,972</u></u>           |

## 6. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Amortisation of mining rights (included in cost of sales)                     | 146,742                         | 100,824                         |
| Amortisation of intangible assets   | 1,193                           | 1,133                           |
| Depreciation of property, plant and equipment (including right-of-use assets) | 99,460                          | 95,031                          |
| Directors' and chief executives' emoluments                                   | 1,162                           | 1,161                           |
| Staff cost (excluding director's and chief executives' emoluments)            | 68,470                          | 42,942                          |
| Penalty and fine  | –                               | 27,359                          |
| Written off of prepayment   | 6,573                           | –                               |
| Written off of property, plant and equipment                                  | <u>49</u>                       | <u>–</u>                        |

## 7. INCOME TAX EXPENSE

|                                       | Six months ended 30 June |                      |
|---------------------------------------|--------------------------|----------------------|
|                                       | 2022                     | 2021                 |
|                                       | HK\$'000                 | HK\$'000             |
|                                       | (Unaudited)              | (Unaudited)          |
| Current tax expense:                  |                          |                      |
| PRC Enterprise Income Tax (the “EIT”) | 79,384                   | 5,902                |
| Deferred tax expense                  | <u>144,808</u>           | <u>69,934</u>        |
| Income tax expense                    | <u><u>224,192</u></u>    | <u><u>75,836</u></u> |

Pursuant to the rules and regulations of Bermuda, Independent State of Samoa (“**Samoa**”) and the British Virgin Islands (“**BVI**”), the Group is not subject to any income tax in Bermuda, Samoa and BVI.

No provisions for Hong Kong Profits Tax and Kingdom of Cambodia (the “**Cambodia**”) corporate income tax have been made for subsidiaries established in Hong Kong and Cambodia as these subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax and Cambodia corporate income tax for both periods.

Under the Law of PRC on EIT (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% for both periods.

## 8. DIVIDENDS

No dividend was paid, declared or proposed for six months ended 30 June 2022 and 2021, nor any dividend been proposed by the Board subsequent to the end of the reporting period.

## 9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company are based on the following data:

|  | Six months ended 30 June |                      |
|--|--------------------------|----------------------|
|  | 2022                     | 2021                 |
|  | HK\$'000                 | HK\$'000             |
|  | (Unaudited)              | (Unaudited)          |
| <b>Earnings</b>                                      |                          |                      |
| Profit for the purpose of basic earnings per share   | 304,427                  | 34,048               |
| <i>Effect of dilutive potential ordinary shares:</i> |                          |                      |
| Interest on convertible loan notes (net of tax)      | <u>24,509</u>            | <u>31,673</u>        |
| Profit for the purpose of diluted earnings per share | <u><u>328,936</u></u>    | <u><u>65,721</u></u> |

|  | <b>Six months ended 30 June</b>                  |  |
|--|--|--|
|  | <b>2022</b><br><b>'000</b><br><b>(Unaudited)</b> | <b>2021</b><br><b>'000</b><br><b>(Unaudited)</b> |
| <b>Number of shares</b>  |  |  |
| Weighted average number of ordinary shares for the purpose of basic earnings per share   | <b>526,260</b>                                   | 526,260  |
| <i>Effect of dilutive potential ordinary shares:</i>                                     |  |  |
| Convertible loan notes   | <u><b>1,795,455</b></u>                          | <u>1,795,455</u>                                 |
| <br>   |  |  |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u><b>2,321,715</b></u>                          | <u>2,321,715</u>                                 |

The calculation of diluted earnings per share for the period ended 30 June 2022 and 30 June 2021 does not assume exercise of share options, since these exercise would result in an anti-dilutive effect on basic earnings per share.

#### **10. TRADE RECEIVABLES**

The Group normally grants to its customers credit periods ranging from 30 days to 60 days which are subject to periodic review by management. The ageing analysis of trade receivables, net of allowance for credit losses, based on the invoice dates at the end of the reporting period was as follows:

|  | <b>30 June</b><br><b>2022</b><br><b>HK\$'000</b><br><b>(Unaudited)</b> | 31 December<br>2021<br><b>HK\$'000</b><br><b>(Audited)</b> |
|--|--|--|
|  | Within 30 days   | <u><b>339,995</b></u>                                      |

The Group does not hold any collateral over these balances.

## 11. TRADE PAYABLES

The ageing analysis of trade payables based on the invoice dates at the end of the reporting period was as follows:

|                      | <b>30 June<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>HK\$'000<br>(Audited) |
|----------------------|--|--|
| Within 30 days       | –  | 37,023                                       |
| 31 days to 60 days   | –  | –  |
| 61 days to 90 days   | –  | –  |
| 91 days to 180 days  | –  | –  |
| 181 days to 365 days | –  | –  |
| Over 365 days        | <u>1,798</u>   | <u>1,798</u>                                 |
|                      | <u><b>1,798</b></u>                                  | <u><b>38,821</b></u>                         |

The average credit period on purchases of goods is 90 days.

## 12. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

### (a) Capital commitment

|  | <b>As at<br/>30 June<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | As at<br>31 December<br>2021<br>HK\$'000<br>(Audited) |
|--|--|---|
| Contracted but not provided for in respect of: |  |   |
| – acquisition of property, plant and equipment | <u><b>615,497</b></u>  | <u><b>759,442</b></u>                                 |



**(b) Environmental contingencies**

As at 30 June 2022 and 31 December 2021, the Group has not incurred any significant expenditure specific for environmental remediation and, apart from the provision for restoration, rehabilitation and environmental costs, has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, the Directors believe that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. Laws and regulations protecting the environment have generally become more stringent in recent years and could become more stringent in the future. 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 the mine;
- (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 cost is indeterminable due to such factors like 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 for future environmental legislation cannot be reasonably estimated at present but could be material.

**13. EVENTS AFTER THE REPORTING PERIOD**

As disclosed in the announcement of the Company dated 25 July 2022, on 22 July 2022, the Company received a statutory demand from the legal advisers acting on behalf of the convertible bonds holder (the "**CB Holder**"), China Huarong Investment Holdings Limited, demanding the Company to pay the amount of US\$84,943,738.72 under the convertible bonds. For details, please refer to the section headed "Disclosures Pursuant to Rules 13.19 and 13.21 of the Listing Rules" under Management Discussion and Analysis.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (30 June 2021: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Overview**

In the first half of 2022, in the face of the ongoing impact of the 2019 Novel Coronavirus Disease (“COVID-19”) around the world and the complicated and volatile external environment, the Group continued to maintain a steady development trend that made progress and improvement in coal mining business. During the first half of 2022, the increase of the Group’s turnover was primarily due to the increase in both selling price of coking coals and coal production volume in the first half of 2022, reflecting the increase in demand of coals in Shanxi Province as a result of shortage of coal supply in Shanxi Province in first half of 2022.

#### **Coal Mining Business**

The coal mines in full operation during the six months ended 30 June 2022 were Fuchang Mine and Liaoyuan Mine, which entered the joint trial operation in October 2016 and September 2018 respectively, passed the inspection for completion in January 2017 and December 2018 respectively and obtained 《安全生產許可證》 (the Permit for Safe Production\*) in April 2017 and March 2019 respectively. Regarding of Fuchang Mine and Liaoyuen Mine, the expected production capacity are both 600,000 tonnes per year respectively.

As at 30 June 2022, the Group had 5 coking coal mines which are Fuchang Mine, Jinxin Mine, Liaoyuan Mine, Bolong Mine and Xinfeng Mine located in Gujiao, Taiyuan City, Shanxi, People’s Republic of China (“PRC”), of which Fuchang Mine and Liaoyuan Mine were in full operation, Bolong Mine was undergoing constructions and expected production schedule of Xinfeng Mine is after finishing the production of Bolong Mine and Jinxin Mine was temporally suspended. In addition, Fuchang Mine was recognised by the Coal Industry Bureau of Shanxi Province as a “二級安全生產標準化煤礦” (Second Class Safe Production Standardisation Coal Mine\*) with a valid period of 3 years from July 2020.

\* For identification purpose only

On 10 May 2021, 山西煤炭運銷集團古交世紀金鑫煤業有限公司 (Shanxi Coal Transportation and Marketing Group Gujiao Century Jinxin Mining Company Limited\*) (“**Jinxin Mine**”), a non-wholly owned subsidiary of the Company established in Shanxi, was informed that the coal mining operations of Jinxin Mine has been suspended by the relevant PRC government authority in Shanxi. Jinxin Mine is principally engaged in coal mining, sales of coking coal.

Jinxin Mine was identified as a coal mine for reduction of capacity and restructuring by Shanxi government in 2020. Upon restructuring, its capacity will be increased from 450,000 tonnes per year to 600,000 tonnes per year. As the procedure for reconstructing and expansion have not been completed, the relevant PRC government authority ordered the coal mine to suspend the production temporarily. According to Jinxin Mine, the relevant PRC government authority conducted spot checks of its coal mine on 9 March 2021 and noted that Jinxin Mine was still conducting coal mining. The coal mining of Jinxin Mine was ordered to be suspended on 9 March 2021 and further investigation was conducted on 10 March 2021. Penalty and fines of approximately RMB20,804,000 (approximately HK\$23,302,000) were ordered by the relevant PRC government authority against Jinxin Mine in April 2021, and the suspension was imposed on Jinxin Mine and the Safe Production\* was withheld. The penalty and fines have been settled on 29 April 2021. Details can be referred to the relevant announcement of the Company dated 10 May 2021.

As at the date of this announcement, Jinxin Mine is still in the process of adopting the requirements requested by the relevant PRC government authority and is applying for reinstating the Permit for Safe Production\* and its coal mining operations are expected to be resumed in first quarter of 2023 pending the obtaining of the Permit for Safe Production\* with relevant approvals from the PRC government authority. To the knowledge of the Company, the rest of the coal mines of the Group have not been affected.

## **Cambodia Business**

The Group is seeking business opportunities related to cassava-based agricultural and deep processing business in Cambodia.

\* *For identification purpose only*

## FINANCIAL REVIEW

### Review of Results

#### Profit for the period

Profit for the six months ended 30 June 2022 was approximately HK\$864,315,000 (six months ended 30 June 2021: approximately HK\$164,203,000). The increase in the profit for the period was mainly attributable to the combined effects of the factors as stated below:

#### *(i) Revenue*

For the six months ended 30 June 2022, the Group recorded a revenue of approximately HK\$1,163,491,000 (six months ended 30 June 2021: approximately HK\$312,880,000), representing an increase of approximately HK\$850,611,000, which the revenue is generated from mining operation and mainly came from Fuchang Mine and Liaoyuan Mine. The increase in revenue is mainly due to the increase in selling price and production units of the mining products in this period.

#### *(ii) Gross profit*

For the six months ended 30 June 2022, the Group recorded a gross profit of approximately HK\$485,490,000 with a gross profit ratio of 41.7% (six months ended 30 June 2021: approximately HK\$23,553,000 with a gross profit ratio of 7.5%). The increase in gross profit and gross profit ratio is mainly due to the increase in selling price of the mining products in this period.

#### *(iii) Administrative and other operating expenses*

Administrative and other operating expenses for the six months ended 30 June 2022 was approximately HK\$211,731,000 (six months ended 30 June 2021: approximately HK\$149,924,000), which was mainly due to the increase in the administrative expenses and other operating expenses in mining operation. Out of the total administrative and other operating expenses, total staff costs (included director's emoluments) amounted to approximately HK\$69,632,000 (six months ended 30 June 2021: approximately HK\$44,103,000), other tax expenses amounted to approximately HK\$80,297,000 (six months ended 30 June 2021: approximately HK\$22,796,000) and no penalty and fine against Jinxin Mine incurred in this period (six months ended 30 June 2021: approximately HK\$23,302,000) .

**(iv) Reversal of impairment losses in respect of mining rights, and property, plant and equipment (“PPE”)**

For the six months ended 30 June 2022, reversal of impairment losses in respect of mining rights and PPE was approximately HK\$725,983,000 (six months ended 30 June 2021: approximately HK\$381,694,000) and approximately HK\$311,356,000 (six months ended 30 June 2021: approximately HK\$133,936,000) respectively. This was the result of increase in recoverable amounts of the Group’s five coal mines located in Shanxi, mainly due to the overall increase in coal prices during the six months ended 30 June 2022.

**(v) Finance costs**

Finance costs mainly consists of interest expenses on borrowings from non-controlling interests, convertible loan notes, other borrowings and lease liabilities. Interest expenses on borrowings relating to construction in progress for coal mines are capitalised to the extent that they are directly attributable and used to finance the project. Finance costs were calculated from total borrowing costs less interest expenses capitalised.

For the six months ended 30 June 2022, finance costs amounted to approximately HK\$227,111,000 (six months ended 30 June 2021: approximately HK\$148,972,000), increase by approximately HK\$78,139,000, mainly resulting from the increase in effective interest on convertible loan notes and interest expenses on other borrowings increased from approximately HK\$31,197,000 to approximately HK\$149,411,000.

**Profit attributable to owners of the Company**

For the six months ended 30 June 2022, profit attributable to owners of the Company was approximately HK\$304,284,000 (six months ended 30 June 2021: approximately HK\$34,048,000), mainly due to the increase of revenue generated from mining operations and increase of reversal of impairment losses in respect of mining rights, and property, plant and equipment of approximately HK\$521,709,000 for this period.

**Valuation of coal mines**

The increase in fair value of coal mines as at 30 June 2022 was mainly due to the increase in coal prices. Greater China Appraisal Limited (“**Greater China**”), an independent qualified professional valuer, estimated the fair value of the coal mining business based on income approach using a discount rate of 12.60% (31 December 2021: 12.50%) and expected clean coal price of RMB1,633 per tonne (31 December 2021: RMB1,357 per tonne) based on information obtained from Shanxi and the current selling price of coal of the Group.

Greater China has consistently applied the income approach for the valuation of coal mines as at 31 December 2020, 31 December 2021 and 30 June 2022 (the “**Reporting Dates**”). The key assumptions and parameters in the valuation of coal mines as at the Reporting Dates are set out as below:

| <b>Methodology</b>   | <b>Reporting Dates</b>   |   |   |
|--|--|---|---|
|  | <b>30 June 2022</b>  | 31 December 2021  | 31 December 2020  |
|  | <b>Income Approach</b>   | Income Approach   | Income Approach   |
| <b>Key Assumptions</b>   |  |   |   |
| 1. Production Schedule<br>– Safe Production Date   |  |   |   |
| Bolong Mine  | <b>First quarter of 2023</b>   | Third quarter of 2022                                     | Fourth quarter of 2021                                    |
| Fuchang Mine   | <b>Operating</b>   | Operating   | Operating   |
| Jinxin Mine  | <b>First quarter of 2023</b>   | Third quarter of 2022                                     | Operating   |
| Liaoyuan Mine  | <b>Operating</b>   | Operating   | Operating   |
| Xinfeng Mine   | <b>Note II</b>   | Note II   | Note II   |
| 2. Clean Coal Price (per tonne)  | <b>RMB1,633</b>  | RMB1,357  | RMB877  |
| 3. Discount Rate (post-tax)  | <b>12.60%</b>  | 12.50%  | 12.56%  |
| 4. Mine Operating Costs,<br>Capital Expenditures<br>and Production Schedule<br>(annual production) | <b>Based on technical<br/>report issued by<br/>John T. Boyd<br/> (“JT Boyd”) in 2017</b> | Based on technical<br>report issued by<br>JT Boyd in 2017 | Based on technical<br>report issued by<br>JT Boyd in 2017 |
| 5. Allowable annual<br>working days  | <b>276 days</b>  | 276 days  | 276 days  |

*Note I:* As shown in the above table, the primary change in valuation assumptions would be the adoption of coking coal prices during the periods and delay in mines’ commercial operation schedule. The coking coal price is based on the existing and past quoted commodity prices in the mining industry. The production schedule is affected by the policies and regulations issued applicable to the coal industry. The coal mines under construction inevitably experienced construction delay or suspension, therefore reducing the effectiveness of construction period during the period, leading to further extension of the respective construction period. There was no change in valuation methodology in those valuations. For discount rate, calculation of weighted average cost of capital is based on market participant’s data which are varied daily due to new information and changing market expectation every day.

*Note II:* Mine reorganisation and consolidation for Bolong Mine and Xinfeng Mine proposal is approved by the Shanxi government in February 2020. The expected production schedule for Safe Production Date of Xinfeng Mine is after finishing the production of Bolong Mine.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Total equity/(capital deficiencies)**

As at 30 June 2022, the Group recorded total assets of approximately HK\$9,218,302,000 (as at 31 December 2021: approximately HK\$8,626,542,000), which were financed by total liabilities of approximately HK\$9,040,958,000 (as at 31 December 2021: approximately HK\$9,291,981,000) and total equity of approximately HK\$177,344,000 (as at 31 December 2021: total capital deficiencies approximately HK\$665,439,000).

### **Gearing**

As at 30 June 2022, the Group's gearing ratio as computed as the Group's total debts which included convertible loan notes, amounts due to related companies, amounts due to non-controlling interests, other borrowings and lease liabilities divided by total equity attributable to owners of the Company. Gearing ratio is not meaningful as the Group has capital deficiencies attributable to owners of the Company and total capital deficiencies as at 30 June 2022 and 31 December 2021 respectively.

### **Liquidity**

The Group had total cash and cash equivalents of approximately HK\$38,064,000 as at 30 June 2022 (as at 31 December 2021: approximately HK\$146,141,000). The Group did not have any bank borrowings for both reporting periods.



## DISCLOSURES PURSUANT TO RULES 13.19 AND 13.21 OF THE LISTING RULES

Reference was made to the announcements of the Company dated 19 April 2022, 20 May 2022, 20 June 2022, 20 July 2022, 25 July 2022 and 24 August 2022.

As disclosed in the announcement of the Company dated 19 April 2022, the Company was in discussions with a potential offeror (the “**Potential Offeror**”) and other potential investors (the “**Other Potential Investors**”), Mr. Zhang Sanhuo (“**Mr. Zhang**”), an executive Director and a substantial shareholder of the Company, and a holder of the convertible bonds, China Huarong Macau (HK) Investment Holdings Limited (the “**CB Holder**”), in the outstanding aggregate principal amount of US\$40,000,000 (the conversion period of which has expired) (the “**Convertible Bonds**”) for proposed restructuring of the Group which involves, among other things, (i) subscription of Shares by the Potential Offeror; (ii) subscription of Shares by the Other Potential Investors; (iii) sale of 94,292,961 Shares held by China OEPC Limited (“**China OEPC**”) which is ultimately and beneficially owned by Mr. Zhang and the Sale Notes held by China OEPC and Mr. Zhang’s spouse to the Potential Offeror; (iv) engaging Mr. Zhang to manage the existing coal business of the Group; (v) settling the debts owing to the CB Holder under the Convertible Bonds; (vi) disposal (the “**Disposal**”) of certain subsidiaries relating to operations of the Group in Cambodia to Mr. Zhang; and (vii) waiver of all the outstanding amounts due from the Company to China OEPC and Mr. Zhang respectively (after offsetting the amount payable by Mr. Zhang under the Disposal) (the “**Proposed Restructuring**”).

As disclosed in the announcement of the Company dated 20 June 2022, the Company received a notice of demand from the CB Holder on 17 June 2022 demanding redemption by the Company of all of the Convertible Bonds issued by the Company to the CB Holder on 10 July 2017 in the outstanding principal amount of US\$40,000,000 by repayment of the whole of the Outstanding Principal Amount, together with all unpaid interest accrued thereon (including default interest) and any other amounts due but unpaid under the Convertible Bonds in full to the CB Holder.

As disclosed in the announcement of the Company dated 25 July 2022, the Company received a statutory demand from the legal advisers acting on behalf of the CB Holder pursuant to section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) on 22 July 2022, demanding the Company to pay the amount of US\$84,943,738.72 under the Convertible Bonds.

As at the date of this announcement, (a) discussions and negotiations in respect of the terms of the Proposed Restructuring are still in progress; and (b) no legally binding agreements have been entered into in relation to the Proposed Restructuring. The Proposed Restructuring is subject to further negotiations among the Company, the Potential Offeror, Mr. Zhang, and other relevant parties. The Company is in the course of making an application for a waiver from strict compliance with the theoretical dilution effect restriction under Rule 7.27B of the Listing Rules to the Stock Exchange. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code (as the case may be).



Where the circumstances giving rise to the obligations under Rule 13.19 of the Listing Rules continue to exist, the Company will include relevant disclosures in subsequent interim and annual reports in accordance with Rule 13.21 of the Listing Rules. The Company will disclose further developments on this matter by way of further announcement(s) in a timely manner in accordance with requirements under the Listing Rules.

## **MANAGEMENT VIEW ON GOING CONCERN**

As disclosed in the corporate governance report contained in 2021 Annual Report, the Directors confirmed that except for the issue as explained under the basis of the presentation section in note 1, they are not aware of any other material uncertainties relating to events or conditions that may cast significant doubt about the Group ability to continue as a going concern.

The Group has commenced the following action plans to remove the Disclaimer of Opinion:

- (a) the Group is in the negotiation with the non-controlling interests of the amounts due by the Group for extending the repayment due dates;
- (b) discussions and negotiations between the Group and the CB Holder in respect of the amount due by the Group are still in progress and no legally binding agreements have been entered into in relation to the same; and
- (c) the Group is actively seeking external facilities and fund raising opportunities.

## **The Non-Controlling Interests**

The Company has taken various actions since publication of the 2021 annual results to address the audit modification. As at the date of this announcement, the non-controlling interests has not demanded for immediate repayment of the outstanding indebtedness. Whilst there is no formal documentation, the non-controlling interests had indicated its willingness for extension.

## **The CB Holder**

On 17 June 2022, the Company received a notice of demand from the CB Holder demanding redemption by the Company of all of the Convertible Bonds issued by the Company to the CB Holder on 10 July 2017 in the outstanding principal amount of US\$40,000,000 by repayment of the whole of the Outstanding Principal Amount, together with all unpaid interest accrued thereon (including default interest) and any other amounts due but unpaid under the Convertible Bonds in full to the CB Holder.

On 22 July 2022, the Company received a statutory demand from the legal advisers acting on behalf of the CB Holder pursuant to section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), demanding the Company to pay the amount of US\$84,943,738.72 under the Convertible Bonds.

As at the date of this announcement, (a) discussions and negotiations in respect of the terms of the Proposed Restructuring are still in progress; and (b) no legally binding agreements have been entered into in relation to the Proposed Restructuring. The Proposed Restructuring is subject to further negotiations among the Company, the Potential Offeror, Mr. Zhang, and other relevant parties. The Company is in the course of making an application for a waiver from strict compliance with the theoretical dilution effect restriction under Rule 7.27B of the Listing Rules to the Stock Exchange. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code (as the case may be).

For details, please refer to the relevant announcements of the Company dated 19 April 2022, 20 May 2022, 20 June 2022, 20 July 2022, 25 July 2022 and 24 August 2022.

### **External Facilities and Fund Raising**

In respect of seeking external facilities and fund raising opportunities, the Group had approached and in the negotiation with a number of financial institutions and/or other investor(s). Up to the date of this announcement, the negotiations are still in progress but the Group has not concluded or reached any agreements with those financial institutions and/or other investor(s). The Company will continue to explore appropriate fund raising opportunities.

The Group's ability to continue as a going concern will depend upon the Group's ability to generate adequate financial cash flows. Assuming that the Group can successfully implement the aforesaid measures, the Group considers it would address the going concern issues.

For the avoidance of doubt, in accordance with the applicable Hong Kong Standards on Auditing, the auditor needs to obtain sufficient appropriate audit evidence and to consider, based on the audit evidence to be obtained, whether material uncertainty exists regarding the Group's ability to continue as going concern. As such, assuming the successful implementation of the action plan in time with sufficient and appropriate audit evidence can be provided, the Directors are of the view that the Disclaimer of Opinion is expected to be removed in the consolidated financial statements of the Group for the year ending 31 December 2022. The Company will continue to exercise its best endeavours to resolve the audit modification within the year ending 31 December 2022.

## **SHARE CAPITAL AND CAPITAL STRUCTURE**

As at 30 June 2022 and 31 December 2021, the Company had 526,260,404 shares of HK\$0.001 each in issue.

## **CHARGE ON GROUP ASSETS**

Share charges of entire issued share capital of several subsidiaries of the Company, charges over the shares and the convertible loan notes of the Company owned by China OEPC Limited, charge on accounts receivables to be owed to the Company and land charges over certain lands in Cambodia acquired or to be acquired by the Group have been created for securing the convertible loan notes. For details, please refer to the announcement of the Company dated 27 June 2017.

Save as disclosed above, there was no charge on the Group's assets as at 30 June 2022 and 31 December 2021.

## **FOREIGN EXCHANGE EXPOSURE**

For the period ended 30 June 2022, the Group earned revenue in RMB and incurred costs in HK\$, RMB and US\$. Although the Group currently does not have any foreign currency hedging policy, it does not foresee any significant currency exposure in the near future. However, any permanent or significant change in RMB against HK\$, may have possible impact on the Group's results and financial positions.

## **TREASURY POLICIES**

The Group generally financed its operations with internally generated resources and funds from equity and/or debt financing activities. All financing methods will be considered so long as such methods are beneficial to the Company. Bank deposits are in HK\$, RMB, US\$ and Cambodian dollars (“KHR”).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

The Group did not have any material acquisition or disposal of subsidiary during the six months ended 30 June 2022.

## **CONTINGENT LIABILITY AND CAPITAL COMMITMENTS**

The Group had no material contingent liability as at 30 June 2022 and 31 December 2021.

The Group had capital commitments for the acquisition of property, plant and equipment which were contracted but not provided for as at 30 June 2022 of approximately HK\$615,497,000 (as at 31 December 2021: approximately HK\$759,442,000).

## **EMPLOYEE AND REMUNERATION POLICIES**

The Group ensured that its employees are remunerated according to the prevailing manpower market conditions and individual performance, qualification, experience and the remuneration policies are reviewed on a regular basis.

As at 30 June 2022, the Group employed approximately 1,271 full time employees in Hong Kong and PRC. The Group remunerates its employees based on their performance, working experience and the prevailing market price. In addition to salaries, the Group provides employee benefits such as mandatory provident fund, insurance, medical coverage, training programs and the share option scheme.

## **COMPLIANCE WITH REGULATIONS**

During the six months ended 30 June 2022, there was no incidence of non-compliance with the relevant laws and regulations that significantly impacted the Group as far as the Board is aware.

## **PROSPECT**

The Group has been closely monitoring the global development of COVID-19 as well as changes in the PRC coal market. Looking forward to second half of 2022, we expect that, with the effective anti-pandemic measures put in place by the PRC government, the situation in China will steadily ease in the future.

The Group will continue to enhance its efforts to improve the production efficiency and production volume of its coal mines in Shanxi Province. Meanwhile, we will strengthen our marketing efforts to expand our customer base, with a view to extending our sales network to more cities, increasing our market share as well as enhancing our competitiveness in the market.

The Group will stick to its integrated business model, which comprises the production, transportation and sale of coal. We will continue to optimize our production and operational plans and smoothen the transition from production to sale, thus reducing the cost of transportation within the Group. We will also make targeted procurement and enhance our inventory management through our internal monitoring system.

## **OTHER INFORMATION**

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

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2022. To ensure Directors' dealings in the securities of the Company (the "**Securities**") are conducted in accordance with the Model Code, a Director is required to notify designated executive Directors in writing and obtain a written acknowledgement from the designated executive Directors prior to any dealings the Securities.

### **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Board, the Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Listing Rules for the six months ended 30 June 2022 except for the following deviation:

Code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the six months ended 30 June 2022, Mr. Tse Michael Nam has taken up the roles of the chairman (the "**Chairman**") and the chief executive officer (the "**CEO**") of the Company which constituted a deviation from code provision C.2.1 of the CG Code. Mr. Tse has extensive management skills, knowledge and experience. The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group's business strategies and boost the effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in this circumstance. In addition, under the supervision of the Board, which is comprised of two (2) executive Directors and three (3) independent non-executive Directors, the Company is of the view the Board is appropriately structured with a balance of power to provide sufficient checks to protect the interests of the Company and the shareholders of the Company.

## **REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE**

The Audit Committee currently comprises 3 independent non-executive Directors, Mr. Ho Kin Cheong, Kelvin (the chairman of the Audit Committee), Mr. Shen Weidong and Mr. Tian Hong. The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2022.

## **PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2022 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This interim results announcement is published on the websites of the Stock Exchange (*www.hkexnews.hk*) and the Company (*www.greenleader.hk*) and the 2022 interim report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By the order of the Board of  
**Green Leader Holdings Group Limited**  
**Mr. Tse Michael Nam**  
*Executive Director*

Hong Kong, 26 August 2022

*As at the date of this announcement, the Board comprises Mr. Tse Michael Nam (Chairman and Chief Executive Officer) and Mr. Zhang Sanhuo as executive Directors; and Mr. Ho Kin Cheong Kelvin, Mr. Shen Weidong and Mr. Tian Hong as independent non-executive Directors.*