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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 audited consolidated annual results of the Group for the year ended 31 December 2022 together with the comparative figures for the corresponding year in 2021 as follows:

#### **HIGHLIGHTS**

<b>Financial Highlights</b>	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	<b>2,305,799</b>	1,612,858
Gross profit	<b>767,973</b>	347,773
Profit for the year	<b>347,694</b>	751,507
(Loss)/profit for the year attributable to owners of the Company	<b>(229,533)</b>	265,672

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>	4	<b>2,305,799</b>	1,612,858
Cost of sales		<u>(1,537,826)</u>	<u>(1,265,085)</u>
<b>Gross profit</b>		<b>767,973</b>	347,773
Other operating income	4	<b>7,944</b>	7,655
Selling and distribution expenses		<b>(2,597)</b>	(2,957)
Administrative and other operating expenses		<b>(429,725)</b>	(387,582)
Reversal of impairment loss recognised in respect of mining rights		<b>812,445</b>	959,527
Reversal of impairment loss recognised in respect of property, plant and equipment		<b>322,063</b>	299,034
(Impairment losses)/reversal of impairment losses recognised in respect of financial assets under expected credit loss model, net of reversal		<b>(5,866)</b>	4,832
Finance costs	5	<u><b>(896,523)</b></u>	<u>(229,315)</u>
<b>Profit before taxation</b>	6	<b>575,714</b>	998,967
Income tax expense	7	<u><b>(228,020)</b></u>	<u>(247,460)</u>
<b>Profit for the year</b>		<u><b>347,694</b></u>	<u>751,507</u>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		<b>(229,533)</b>	265,672
Non-controlling interests		<u><b>577,227</b></u>	<u>485,835</u>
		<u><b>347,694</b></u>	<u>751,507</u>
<b>(Loss)/earnings per share (HK cents)</b>	9		
Basic		<b>(44)</b>	50
Diluted		<u><b>(44)</b></u>	<u>13</u>

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

*For the year ended 31 December 2022*

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Profit for the year</b>	<u><b>347,694</b></u>	<u>751,507</u>
<b>Other comprehensive (expense)/income:</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(51,300)	7,042
Reclassification adjustments for foreign operations deregistration during the year	<u>144</u>	<u>–</u>
<b>Other comprehensive (expense)/income for the year</b>	<u><b>(51,156)</b></u>	<u>7,042</u>
<b>Total comprehensive income for the year</b>	<u><b>296,538</b></u>	<u>758,549</u>
<b>Total comprehensive (expense)/income for the year attributable to:</b>		
Owners of the Company	(236,290)	269,843
Non-controlling interests	<u>532,828</u>	<u>488,706</u>
	<u><b>296,538</b></u>	<u>758,549</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		2,397,212	2,239,815
Mining rights		5,785,597	5,808,415
Intangible assets		10,814	14,195
Goodwill		–	–
Deposits paid for acquisition of property, plant and equipment		<u>67,700</u>	<u>13,683</u>
		<u><b>8,261,323</b></u>	<u>8,076,108</u>
<b>Current assets</b>			
Inventories		123,273	152,223
Trade receivables	11	260,449	77,017
Prepayment, deposits, bills receivables, discounted bills receivables and other receivables		154,125	168,884
Amounts due from related companies		5,996	6,169
Restricted bank balances		2,594	–
Cash and cash equivalents		<u>161,675</u>	<u>146,141</u>
		<u><b>708,112</b></u>	<u>550,434</u>
<b>Current liabilities</b>			
Trade payables	12	21,672	38,821
Other payables		1,353,099	754,867
Amount due to a director		14,821	14,821
Amounts due to non-controlling interests		5,700,952	5,976,141
Other borrowings		707,921	313,621
Liabilities component of convertible loan notes		–	354,771
Lease liabilities		1,622	5,856
Income tax liabilities		<u>6,612</u>	<u>66,095</u>
		<u><b>7,806,699</b></u>	<u>7,524,993</u>
<b>Net current liabilities</b>		<u><b>(7,098,587)</b></u>	<u>(6,974,559)</u>
<b>Total assets less current liabilities</b>		<u><b>1,162,736</b></u>	<u>1,101,549</u>

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Capital and reserves</b>			
Share capital	<i>10</i>	<b>526</b>	526
Reserves		<u><b>(2,587,877)</b></u>	<u>(2,351,587)</u>
<b>Capital deficiencies attributable to owners of the Company</b>			
Non-controlling interests		<u><b>(2,587,351)</b></u>	<u>(2,351,061)</u>
		<u><b>2,121,661</b></u>	<u>1,685,622</u>
<b>Total capital deficiencies</b>		<u><b>(465,690)</b></u>	<u>(665,439)</u>
<b>Non-current liabilities</b>			
Provision for restoration, rehabilitation and environmental costs		<b>84,126</b>	88,859
Amounts due to related companies		<b>146,698</b>	144,755
Other payables		<b>184,104</b>	328,487
Lease liabilities		<b>10,171</b>	21,650
Deferred tax liabilities		<u><b>1,203,327</b></u>	<u>1,183,237</u>
		<u><b>1,628,426</b></u>	<u>1,766,988</u>
		<u><b>1,162,736</b></u>	<u>1,101,549</u>

## NOTES

*For the year ended 31 December 2022*

### 1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is Unit A, 12/F., Central 88, 88–98 Des Voeux Road Central, Hong Kong.

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institution of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements are presented in thousands of units of Hong Kong dollar (“**HK\$’000**”), unless otherwise stated, which is also the functional currency of the Company.

The consolidated financial statements have been prepared on the historical cost basis at the end of the reporting period.

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

#### **Going concern basis**

The Group had accumulated losses of approximately HK\$11,805,738,000 (2021: approximately HK\$11,588,957,000) and the Group’s current liabilities exceeded its current assets and total liabilities exceeds its total assets of approximately HK\$7,098,587,000 (2021: HK\$6,974,559,000) and approximately HK\$465,690,000 (2021: approximately HK\$665,439,000) as at 31 December 2022. As at the same date, the Group’s total borrowings (including amount due to a director, amounts due to non-controlling interests, other borrowings, liabilities component of convertible loan notes as at 31 December 2021, amounts due to related companies and lease liabilities) amounted to approximately HK\$6,582,185,000 (2021: approximately HK\$6,831,615,000), while its cash and cash equivalents (including restricted bank balances) amounted to approximately HK\$164,269,000 (2021: approximately HK\$146,141,000) only.

In preparing the consolidated financial statements, the directors have given in consideration to the future liquidity of the Group in light of the condition described above. Certain of the Group's payables were overdue and are explained below:

- (a) convertible loan note issued in 2017 (the “**2017 Convertible Loan Note**”) with the remaining outstanding principal amount of US\$40,000,000 (equivalent to HK\$312,000,000) was matured and overdue for repayment as at 31 December 2022 and 2021. On 22 July 2022, the Company received a statutory demand from the legal advisers acting on behalf of the holder of 2017 Convertible Loan Note, China Huarong Macau (HK) Investment Holdings Limited (the “**2017 Noteholder**”), demanding the Company to repay the principal amount and the default interest outstanding by the Company;
- (b) convertible loan notes issued in 2020 (the “**2020 Convertible Loan Notes**”) with the amounts of HK\$380,000,000 (the “**2020 Convertible Loan Note A**”) and HK\$15,000,000 (the “**2020 Convertible Loan Note B**”) were matured and overdue for repayment as at 31 December 2022;
- (c) amounts due to non-controlling interests of approximately HK\$5,700,952,000 (2021: approximately HK\$5,976,141,000) as at 31 December 2022 were outstanding by the Group. Included in amount due to non-controlling interests with the amount of approximately HK\$3,954,932,000 (2021: approximately HK\$4,303,359,000) were matured and overdue for repayment and remains unsettled as at 31 December 2022 and 2021, while the remaining portion of approximately HK\$1,746,020,000 (2021: approximately HK\$1,672,782,000) were contained a repayable on demand clause; and
- (d) other payables related to consideration for acquisition of subsidiaries with the carrying amounts of approximately RMB119,709,000 (equivalent to approximately HK\$134,792,000) was matured and overdue for repayment as at 31 December 2022 and 2021. On 3 November 2022, the Group received a demand letter from the legal advisers acting on behalf of the counterparty of other payables, demanding the Group to repay the principal amount and the default interest outstanding by the Group.

Up to the date of approval and authorisation of the consolidated financial statements for issue, there is no winding up petition against the Company nor new demand letter received by the Group and the overdue balances are remain unsettled in relation to the above items (a) to (d).

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

In view of these circumstances, the directors have given careful consideration to the future liquidity and its available sources of financing to assess whether the Group will have sufficient funds to fulfill its financial obligations to continue as a going concern. The Group has taken the following measures to improve the Group's financial position and alleviate its liquidity pressure, including, but not limited to, the following:

- (a) the Group can successfully to negotiate with the convertible loan notes holders' to extending the repayment due dates;
- (b) the Group can successfully to negotiate with non-controlling interests of amounts due by the Group for extending the repayment due dates;
- (c) the Group can successfully to negotiate with other payables related to considerations for acquisition of subsidiaries due by the Group for extending the repayment due dates;
- (d) the Group can successfully take active measure to increase the profitability of the Group's mining operation and coal operation in order to improve operating cash flows and its financial position; and
- (e) the Group can successfully to obtain the external facilities and/or fund raising opportunities.

Notwithstanding the above, significant uncertainties exist as to whether management will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon (a) the Group can successfully to negotiate with the convertible loan notes holders' to extending the repayment due dates; (b) the Group can successfully to negotiate with non-controlling interests of amounts due by the Group for extending the repayment due dates; (c) the Group can successfully to negotiate with other payables related to considerations for acquisition of subsidiaries due by the Group for extending the repayment due dates; (d) the Group can successfully take active measure to increase the profitability of the Group's mining operation and coal operation in order to improve operating cash flows and its financial position; and (e) the Group can successfully to obtain the external facilities and/or fund raising opportunities.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any 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 Group's consolidated financial statements.



## 2. APPLICATION OF AMENDMENTS TO 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 the annual periods beginning on 1 January 2022 for the preparation of the consolidated financial statements:

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 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 not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

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

### 3. SEGMENT INFORMATION

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

Cassava starch operation	–	Provision of cultivation and processing of cassava starch for sale
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
Systems integration services and software solutions	–	Sales of information technology products, provision of systems integration services, technology services, software development and solution services

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 purposes 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 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 revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

	Systems integration services and software solutions		Mining operation		Coal operation		Cassava starch operation		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended										
31 December										
<b>REVENUE</b>										
Sales to external customers	<u>-</u>	<u>-</u>	<u>2,144,805</u>	<u>1,506,931</u>	<u>160,994</u>	<u>105,927</u>	<u>-</u>	<u>-</u>	<u>2,305,799</u>	<u>1,612,858</u>
<b>RESULTS</b>										
Segment (loss)/profit	<u>(357)</u>	<u>(243)</u>	<u>1,454,352</u>	<u>1,235,879</u>	<u>31,571</u>	<u>14,926</u>	<u>(6,866)</u>	<u>(3,806)</u>	<u>1,478,700</u>	<u>1,246,756</u>
Unallocated income									<u>4,728</u>	<u>734</u>
Unallocated expenses									<u>(11,191)</u>	<u>(19,208)</u>
Finance costs									<u>(896,523)</u>	<u>(229,315)</u>
Profit before taxation									<u>575,714</u>	<u>998,967</u>

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

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

#### 4. REVENUE AND OTHER OPERATING INCOME

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

###### *Disaggregation of revenue*

Segments	Systems integration services and				Cassava starch				Total	
	software solutions		Mining operation		Coal operation		operation		2022	2021
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Types of goods or services										
Sales of goods										
- Raw coals	-	-	1,751,474	-	-	-	-	-	1,751,474	-
- Clean coals	-	-	338,686	1,452,892	147,546	105,927	-	-	486,232	1,558,819
- Other coal products	-	-	54,645	54,039	371	-	-	-	55,016	54,039
Coal services fee income	-	-	-	-	13,077	-	-	-	13,077	-
	<u>-</u>	<u>-</u>	<u>2,144,805</u>	<u>1,506,931</u>	<u>160,994</u>	<u>105,927</u>	<u>-</u>	<u>-</u>	<u>2,305,799</u>	<u>1,612,858</u>
Timing of revenue recognition										
A point in time	-	-	2,144,805	1,506,931	147,917	105,927	-	-	2,292,722	1,612,858
Over time	-	-	-	-	13,077	-	-	-	13,077	-
	<u>-</u>	<u>-</u>	<u>2,144,805</u>	<u>1,506,931</u>	<u>160,994</u>	<u>105,927</u>	<u>-</u>	<u>-</u>	<u>2,305,799</u>	<u>1,612,858</u>

(ii) **Other operating income**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Bank interest income	281	206
Exchange gain	824	–
Gain on deregistration of subsidiaries	3,594	–
Gain on disposal of property, plant and equipment	–	886
Gain on disposal of subsidiaries	624	106
Gain on termination of leases	–	4,706
Government grants ( <i>Note</i> )	1,415	540
Sundry income	934	1,211
Recovery of other receivables	272	–
	<u>7,944</u>	<u>7,655</u>

*Note:*

Government grants mainly represent Covid-19-related subsidies which relates to Employment Support Scheme provided by the Hong Kong government and subsidies granted by People's Republic of China (the "PRC") local government authority as a support. There is no unfulfilled condition or contingencies relating to such government subsidies recognised.

**5. FINANCE COSTS**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Effective interest expense on convertible loan notes	40,229	44,712
Interest on other borrowings and advances drawn on discounted bills	527,533	21,824
Interest on lease liabilities	1,454	1,948
Interest on other payables	176,290	–
Interest on amounts due to non-controlling interests	218,778	224,623
	<u>964,284</u>	293,107
Total interest expense on financial liabilities not at fair value through profit or loss	964,284	293,107
Less: amounts capitalised in construction in progress	(70,296)	(66,560)
Imputed interest for provision for restoration, rehabilitation and environmental costs	2,535	2,768
	<u>896,523</u>	<u>229,315</u>

## 6. PROFIT BEFORE TAXATION

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Profit before taxation has been arrived at after charging/(crediting):		
Auditor's remuneration:		
– audit services	<b>1,899</b>	1,910
– non-audit services	<b>550</b>	516
Amortisation of mining rights (included in cost of sales)	<b>333,781</b>	264,491
Amortisation of intangible assets (included in cost of sales)	<b>2,038</b>	2,244
Cost of inventories sold	<b>1,200,054</b>	991,215
Impairment losses/(reversal of impairment losses) recognised on expected credit loss model, net of reversal:		
– trade receivables	<b>5,866</b>	128
– deposits and other receivables	–	(4,960)
	<b>5,866</b>	(4,832)
Other tax expenses	<b>144,987</b>	79,858
Write-down of inventories	–	807
Written off of prepayment	<b>6,573</b>	6,572
Penalty and fine	–	27,676
Relocation and removal expenses	–	12,272
(Gain)/loss on deregistration of subsidiaries	<b>(3,594)</b>	5
Loss/(gain) on disposal of property, plant and equipment	<b>17,009</b>	(886)

## 7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax expense:		
PRC Enterprise Income Tax (the “EIT”)	108,355	73,700
Deferred tax expense	<u>119,665</u>	<u>173,760</u>
Income tax expense	<u>228,020</u>	<u>247,460</u>

- (i) Pursuant to the rules and regulations of Bermuda, Independent State of Samoa (“**Samoa**”) and the British Virgin Islands (the “**BVI**”), the Group is not subject to any income tax in Bermuda, Samoa and the BVI.
- (ii) No provisions for Hong Kong Profits Tax have been made for subsidiaries established in Hong Kong as these subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax for both years.
- (iii) Profit of the subsidiaries established in PRC are subject to PRC EIT.

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

- (iv) No provision for Cambodia corporate income tax have been made for subsidiaries established in Cambodia as these subsidiaries did not have any assessable profits subject to Cambodia corporate income tax for both years.

## 8. DIVIDENDS

No dividend was paid or proposed for both years ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

## 9. (LOSS)/EARNINGS PER SHARE

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

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>(Loss)/earnings</b>		
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic (loss)/earnings per share	<b>(229,533)</b>	265,672
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of income tax)	—	44,710
	<u>—</u>	<u>44,710</u>
(Loss)/profit for the purpose of diluted (loss)/earnings per share	<b><u>(229,533)</u></b>	<b><u>310,382</u></b>
	<b>2022</b> <b>'000</b>	2021 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>526,260</b>	526,260
Effect of dilutive potential ordinary shares:		
Convertible loan notes	—	1,795,455
	<u>—</u>	<u>1,795,455</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<b><u>526,260</u></b>	<b><u>2,321,715</u></b>

The calculation of diluted (loss)/earnings per share for both years does not assume exercise of share options, since these exercise would result in an anti-dilutive effect on basic (loss)/earnings per share.

The calculation of diluted loss per share for the year ended 31 December 2022 does not assume the conversion of convertible loan notes, since these conversion would result in an anti-dilutive effect on basic loss per share.



## 10. SHARE CAPITAL

	Number of shares		Amounts	
	2022	2021	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Ordinary shares of HK\$0.001 each</b>				
Authorised:				
As at 1 January	2,000,000,000,000	10,000,000,000	2,000,000	2,000,000
Share sub-division ( <i>Note</i> )	–	1,990,000,000,000	–	–
As at 31 December	<u>2,000,000,000,000</u>	<u>2,000,000,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:				
As at 1 January	526,260,404	526,260,404	526	105,252
Issue of shares upon:				
Capital reduction ( <i>Note</i> )	–	–	–	(104,726)
As at 31 December	<u>526,260,404</u>	<u>526,260,404</u>	<u>526</u>	<u>526</u>

*Note:*

At a special general meeting of the Company on 7 April 2021, a special resolution was passed to approve the following changes to the capital of the Company (the “**Capital Reorganisation**”):

- (i) Capital reduction: a reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.199 on each of the issued existing shares so that the nominal value of each issued shares will be reduced from HK\$0.20 to HK\$0.001; and
- (ii) Share sub-division: every authorised but unissued existing share of HK\$0.20 each will be sub-divided into two hundred new shares of HK\$0.001 each.

The Capital Reorganisation was completed on 7 April 2021.

## 11. TRADE RECEIVABLES

The following is an aging analysis of trade receivables, net of allowance for credit losses, based on earlier of the invoice dates or revenue recognition date:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	176,929	77,017
31 days to 60 days	82,932	–
61 days to 90 days	<u>588</u>	<u>–</u>
	<u>260,449</u>	<u>77,017</u>

The Group normally grants to its customers credit periods up to 60 days which are subject to periodic review by management.

## 12. TRADE PAYABLES

The following is an aging analysis of the trade payables based on the invoiced dates:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Within 30 days	<b>19,876</b>	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>1,796</u>	<u>1,798</u>
	<u><b>21,672</b></u>	<u>38,821</u>

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

## 13. CAPITAL COMMITMENTS

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Contracted but not provided for in respect of: – acquisition of property, plant and equipment	<u><b>457,573</b></u>	<u>759,442</u>

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is an extract of the “Independent Auditor’s Report” on the consolidated financial statements of the Group for the year ended 31 December 2022.

### **Disclaimer of Opinion**

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Basis for Disclaimer of Opinion**

#### ***Multiple uncertainties relating to going concern***

As described in Note 2 to the consolidated financial statements, the Group had accumulated losses of approximately HK\$11,805,738,000 and the Group’s current liabilities exceeded its current assets and total liabilities exceeds its total assets of approximately HK\$7,098,587,000 and approximately HK\$465,690,000 as at 31 December 2022. As at the same date, the Group’s total borrowings (including amount due to a director, amounts due to non-controlling interests, other borrowings, amounts due to related companies and lease liabilities) amounted to approximately HK\$6,582,185,000, while its cash and cash equivalents (including restricted bank balances) amounted to approximately HK\$164,269,000 only.

In addition, as at 31 December 2022, certain of the Group’s borrowings and other payables were overdue for repayment or contained a repayable on demand clause as below: (a) convertible loan notes issued in 2017 with the remaining outstanding principal amount of US\$40,000,000 (equivalent to HK\$312,000,000) and the default interests were matured and overdue for repayment as at 31 December 2022; (b) convertible loan notes issued in 2020 with the amounts of HK\$380,000,000 and HK\$15,000,000 were matured and overdue for repayment as at 31 December 2022; (c) amounts due to non-controlling interests of approximately HK\$5,700,952,000 were outstanding by the Group as at 31 December 2022. Included in amounts due to non-controlling interests with the amount of approximately HK\$3,954,932,000 were matured and overdue as at 31 December 2022, while the remaining portion of HK\$1,746,020,000 were contained a repayable on demand clause; and (d) other payables with the carrying amounts of approximately RMB119,709,000 (equivalent to approximately HK\$134,792,000) and the default interests was matured and overdue for repayment as at 31 December 2022.

Up to the date of approval and authorisation of the consolidated financial statements for issue, there is no winding up petition against the Company nor new demand letter received by the Group and the overdue balances are remain unsettled in relation to the above items.

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

The directors have been undertaking a number of measures to improve the Group's liquidity and financial position so as to be able to meet its liabilities as and when they fall due, which are set out in Note 2 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the eventual successful outcome of these measures, which are subject to multiple uncertainties, including whether: (a) the Group can successfully to negotiate with the convertible loan notes holders' to extending the repayment due dates; (b) the Group can successfully to negotiate with non-controlling interests of amounts due by the Group for extending the repayment due dates; (c) the Group can successfully to negotiate with other payables related to considerations for acquisition of subsidiaries due by the Group for extending the repayment due dates; (d) the Group can successfully take active measure to increase the profitability of the Group's mining operation and coal operation in order to improve operating cash flows and its financial position; and (e) the Group can successfully to obtain the external facilities and/or fund raising opportunities.

Should the Group fail to achieve successful outcomes from 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 carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

We have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group. Any adjustments found to be required may have consequential significant effects on the consolidated net liabilities of the Group as at 31 December 2022 and the consolidated profit and total comprehensive income and cash flows of the Group for the year ended 31 December 2022, and the related elements and disclosures thereof in the consolidated financial statements.

## MANAGEMENT VIEW ON 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 31 December 2022 after taking into consideration of the following:

- (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 holders (the “**2017 Noteholder**”) of the convertible loan note issued in 2017 (the “**2017 Convertible Loan Note**”) with the remaining outstanding principal amount of US\$40,000,000 (equivalent to HK\$312,000,000) in respect of the amount due by the Group is still in progress and no legally binding agreements have been entered into the same;
- (c) discussions and negotiations between the Group and the holders (the “**2020 Noteholders**”) of the convertible loan notes issued in 2020 (the “**2020 Convertible Loan Notes**”) with the amounts of HK\$380,000,000 and HK\$15,000,000 in respect of the amount due by the Group are still in progress and no legally binding agreements have been entered into the same;
- (d) the Group is in the negotiation with the counterparty of other payables related to considerations for acquisition of subsidiaries due by the Group for extending the repayment due dates;
- (e) the Group is actively taking measures to increase the profitability of the Group’s mining and coal operation in order to improve the operating cash flows and its financial position; and
- (f) the Group is actively seeking external facilities and fund raising opportunities.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

- (i) successfully negotiation with non-controlling interests to extend the repayment due dates;
- (ii) successfully negotiation with the 2017 Noteholder and the 2020 Noteholders to restructure the repayment timetable of the Group’s financial obligations; and
- (iii) successfully negotiation with the counterparty of other payables to extend the repayment due dates;

- (iv) successfully increase the profitability of mining and coal operations in order to improve operating cash flows and financial position; and
- (v) successfully obtain external facilities and/or fund raising opportunities for fulfilling its other existing financial obligations.

## **ACTION PLAN ON GOING CONCERN**

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

### **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.

### **2017 Noteholder**

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 2017 Noteholder, China Huarong Macau (HK) Investment Holdings Limited, in the outstanding aggregate principal amount of US\$40,000,000 (equivalent to HK\$312,000,000 and the conversion period of which has expired) 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 2017 Noteholder under the 2017 Convertible Loan Note; (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**”).

On 17 June 2022, the Company received a notice of demand from the 2017 Noteholder demanding redemption by the Company of all of the 2017 Convertible Loan Note issued by the Company to the 2017 Noteholder on 10 July 2017 in the outstanding principal amount of US\$40,000,000 (equivalent to HK\$312,000,000) 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 2017 Convertible Loan Note in full to the 2017 Noteholder.

On 22 July 2022, the Company received a statutory demand from the legal advisers acting on behalf of the 2017 Noteholder 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 2017 Convertible Loan Note.

As at the date of this announcement, (a) despite receiving the Statutory Demand from the legal advisers acting on behalf of the 2017 Noteholder, China Huarong Macau (HK) Investment Holdings Limited on 22 July 2022, the Company had not repaid the debt within 3 weeks from the date of service of the statutory demand and the Group has not received any further notice of the 2017 Noteholder having commenced legal proceedings against the Company. The Company is still in the course of negotiation with the 2017 Noteholder on the settlement of the debt under statutory demand; (b) discussions and negotiations in respect of the terms of the Proposed Restructuring are still in progress; and (c) 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, 24 August 2022, 23 September 2022, 21 October 2022, 21 November 2022, 21 December 2022, 20 January 2023, 20 February 2023 and 21 March 2023.

## **2020 Noteholders**

The Company and the 2020 Noteholders are in the course of negotiating for an extension of the maturity date of the 2020 Convertible Loan Notes and/or the subscriptions by the 2020 Noteholders of new convertible notes with the subscription monies to be satisfied by setting off against the amount due by the Company to the 2020 Noteholders under the 2020 Convertible Loan Notes. The 2020 Noteholders have indicated that they have no current intention to demand for the repayment of the amount due by the Company to the 2020 Noteholders under the 2020 Convertible Loan Notes as at the day of this announcement. For details, please refer to the relevant announcement of the Company dated 20 October 2022.

For the avoidance of doubt, further announcement(s) will be made by the Company in compliance with the relevant Listing Rules requirements to inform the public and its Shareholder upon entering into the relevant definitive agreement(s) on an extension of the 2020 Convertible Loan Notes and/or the subscriptions by the 2020 Noteholders.

## **Other Payables**

On 3 November 2022, the Group received a demand letter from the legal advisers acting on behalf of the counterparty of other payables, demanding the Group to repay the principal amount and the default interest outstanding by the Group. As of the date of this announcement, the Group is still negotiating with the other payable on the repayment.

## **Coal Mining and Coal Operating Business**

The Group maintained a steady development that made progress in the coal mining and coal operating business in 2022. During the year, the increase in both the selling price of coking coals and coal production volume reflected the increase in demand for coals in Shanxi Province. Therefore, the Group expected that cash inflow would continue to be generated steadily in 2023 to improve the overall financial position of the Group.

## **External Facilities and Fund Raising**

In respect of seeking external facilities and fund raising opportunities, the Group had approached a number of financial institutions and/or other investor(s). Up to the date of this announcement, 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 2023. The Company will continue to exercise its best endeavours to resolve the audit modification within the year ending 31 December 2023.

## **ANNUAL GENERAL MEETING**

The annual general meeting (“AGM”) of the Company will be held on Friday, 2 June 2023. The notice of AGM will be sent to the shareholders of the Company (the “Shareholders”) at least 21 clear days before AGM.



## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM to be held on Friday, 2 June 2023, the register of member of the Company will be closed from 30 May 2023 to 2 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 29 May 2023 at 4:30 p.m.

## **FINAL DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2022 (31 December 2021: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Overview**

As resulted from certain policies on restriction of mining products importing to People's Republic of China ("PRC") and the increased demand in the domestic mining products market, the overall market prices of mining product in the Shanxi Province, PRC, had been increased significantly in the fourth quarter of 2021. While under the stabilisation policy of energy supply implemented by the State Government of PRC, the selling prices of mining products had maintained stable in the second half of 2022. Nevertheless, the Group recorded an increase in average selling price of mining products as compared to the corresponding period in 2021.

#### **Coal mining business**

As at 31 December 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, PRC. 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 purposes only.

The coal mines in full operation during the year ended 31 December 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 January 2023 and November 2022 respectively. Regarding of Fuchang Mine and Liaoyuen Mine, the expected production capacity are both 600,000 tonnes per year respectively.

In November 2022, the Mine reorganisation and consolidation of Bolong Mine and Xinfeng Mine had been approved by the Department of Natural Resources of Shanxi Province. The existing Mine resources (“**Mine Resources**”) of Xinfeng Mine will be combine with production schedule of Bolong Mine. The expected production schedule for Safe Production Date of the Mine Resources is after finishing the original production schedule of Bolong Mines.

In March 2023, the Group was informed by Jinxin Mine that the Safety Production Certificate of Jinxin Mine has been renewed by the relevant PRC authority in Shanxi and the coal mining operations of Jinxin Mine is expected to resume in the second half of 2023. The expected production capacity of Jinxin Mine is 600,000 tonnes per year. For details, please refer to the announcement of the Company dated 28 March 2023.

### **Coal operation business**

古交市恆伯泰煤炭貿易有限公司 (Gujiao Hengbotai Coal Trading Co., Ltd.\*) (“**Hengbotai**”), a wholly owned subsidiary of the Company established in Shanxi, its principle activities is coal processing, sale of coal products and the provision of coal related services. Hengbotai commence its operation in second half of 2021 and recorded a revenue of approximately HK\$160,994,000 for the year ended 31 December 2022 (31 December 2021: approximately HK\$105,927,000).

### **Cambodia business**

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

### **Environmental, social and corporate responsibility**

As a responsible corporation, the Group is committed to maintaining a higher environmental and social standards to ensure sustainable development of its business. During the year, the Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone’s participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole. The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

\* For identification purpose only

## FINANCIAL REVIEW

### Profit for the year

Profit for the year ended 31 December 2022 was approximately HK\$347,694,000 (31 December 2021: approximately HK\$751,507,000). The decrease in the profit for the year was mainly attributable to the combined effects of the factors as stated below:

#### **(i) Revenue**

For the year ended 31 December 2022, the Group recorded a revenue of approximately HK\$2,305,799,000 (31 December 2021: approximately HK\$1,612,858,000), representing an increase of approximately HK\$692,941,000 or 43.0%, 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 the selling price and production units of mining products during the year.

#### **(ii) Gross profit**

For the year ended 31 December 2022, the Group recorded a gross profit of approximately HK\$767,973,000 with a gross profit ratio of 33.3% (31 December 2021: approximately HK\$347,773,000 with a gross profit ratio of 21.6%). The increase in gross profit and gross profit ratio is mainly due to the increase in the selling price of mining products during the year.

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

Administrative and other operating expenses for the year ended 31 December 2022 was approximately HK\$429,725,000 (31 December 2021: approximately HK\$387,582,000), 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 directors' emoluments) amounted to approximately HK\$150,717,000 (31 December 2021: approximately HK\$114,091,000), other tax expenses amounted to approximately HK\$144,987,000 (31 December 2021: approximately HK\$79,858,000), no penalty and fine against Jinxin Mine during the year (31 December 2021: approximately HK\$27,676,000) and no relocation and removal expenses during the year (31 December 2021: approximately HK\$12,272,000).

**(iv) Reversal of impairment loss recognised in respect of mining rights and property, plant and equipment**

For the year ended 31 December 2022, reversal of impairment loss recognised in respect of mining rights and property, plant and equipment was approximately HK\$812,445,000 (31 December 2021: approximately HK\$959,527,000) and approximately HK\$322,063,000 (31 December 2021: approximately HK\$299,034,000) respectively. This was the result of increase in aggregate estimated value in use amount of the Group's five coal mines located in Shanxi, mainly due to the overall increase in coal prices during the year.

**(v) Finance costs**

Finance costs mainly consisted 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 projects. Finance costs were calculated from total borrowing costs less interest expenses capitalised.

For the year ended 31 December 2022, finance costs amounted to approximately HK\$896,523,000 (31 December 2021: approximately HK\$229,315,000), increased by approximately HK\$667,208,000, mainly resulting from the increase in (i) interest on other borrowings from approximately HK\$21,824,000 to approximately HK\$527,533,000; and (ii) interest on other payables from nil to approximately HK\$176,290,000 during the year.

**(Loss)/profit attributable to owners of the Company**

For the year ended 31 December 2022, loss attributable to owners of the Company was approximately HK\$229,533,000 (profit attributable to owners of the Company for the year ended 31 December 2021: approximately HK\$265,672,000), mainly due to increase in finance cost by approximately HK\$667,208,000 and decrease of reversal of impairment loss for mining rights and property, plant and equipment of approximately HK\$124,053,000 over the year.

**Valuation of coal mines**

The increase in fair value of coal mines as at 31 December 2022 was mainly due to the increase in coal prices during the year. Greater China Appraisal Limited (“**Greater China**”), an independent qualified professional valuer, estimated the recoverable amounts of the coal mining business based on income approach using a discount rate of 12.50% (31 December 2021: 12.50%) and expected cleaned coal price of RMB1,627 per tonne (31 December 2021: expected cleaned coal price of RMB1,357 per tonne) based on information obtained from Shanxi.

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

<b>Methodology</b>	<b>Reporting Periods</b>	
	<b>31 December 2022</b>	31 December 2021
	<b>Income Approach</b>	Income Approach
<b>Key Assumptions</b>		
1. Production Schedule – Safe Production Date		
Bolong Mine	<b>Third quarter of 2023</b>	Third quarter of 2022
Fuchang Mine	<b>Operating</b>	Operating
Jinxin Mine	<b>Third quarter of 2023</b>	Third quarter of 2022
Liaoyuan Mine	<b>Operating</b>	Operating
Xinfeng Mine	<b>Note II</b>	Note II
2. Coking Coal Price (per tonne)	<b>RMB1,627</b>	RMB1,357
3. Recovery rate (cleaned coal)	<b>48.4%–53.7%</b>	45.5%–54.0%
4. Discount Rate (post-tax)	<b>12.50%</b>	12.50%
5. Mine Operating Costs, Capital Expenditures and Production Schedule (annual production)	<b>Based on technical report issued by John T. Boyd (“JT Boyd”) in 2017</b>	Based on technical report issued by John T. Boyd in 2017
6. Allowable annual working days	<b>276 days</b>	276 days

*Note I:* As shown in the above table, the primary change in valuation assumption would be the adoption of coking coal price in the years 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 year, 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:* In November 2022, the Mine reorganisation and consolidation of Bolong Mine and Xinfeng Mine had been approved by the Department of Natural Resources of Shanxi Province. The existing Mine resources of Xinfeng Mine will be combine with production schedule of Bolong Mine. The expected production schedule for Safe Production Date of the Mine Resources is after finishing the original production schedule of Bolong Mines.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Total capital deficiencies**

As at 31 December 2022, the Group recorded total assets of approximately HK\$8,969,435,000 (31 December 2021: approximately HK\$8,626,542,000), which were financed by total liabilities of approximately HK\$9,435,125,000 (31 December 2021: approximately HK\$9,291,981,000) and total capital deficiencies of approximately HK\$465,690,000 (31 December 2021: approximately HK\$665,439,000).

### **Gearing**

As at 31 December 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 capital deficiencies attributable to owners of the Company. Gearing ratio is not meaningful as the Group has capital deficiencies attributable to owners of the Company as at 31 December 2022 and 2021.

### **Liquidity**

The Group had total cash and cash equivalents of approximately HK\$161,675,000 as at 31 December 2022 (31 December 2021: approximately HK\$146,141,000). The Group did not have any bank borrowings for both years.

## **SHARE CAPITAL AND CAPITAL STRUCTURE**

As at 31 December 2022, the Company had 526,260,404 shares of HK\$0.001 each in issue (31 December 2021: 526,260,404 shares).

## **CONTINGENT LIABILITY AND CAPITAL COMMITMENTS**

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

The Group had capital commitments for the acquisition of property, plant and equipment which were contracted but not provided for as at 31 December 2022 of approximately HK\$457,573,000 (31 December 2021: approximately HK\$759,442,000).

## **CHARGE ON 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 Company's announcement dated 27 June 2017.

## **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 as long as such methods are beneficial to the Company. Bank deposits are in HK\$, RMB, US\$ and Cambodian dollars ("KHR").

## **FOREIGN EXCHANGE EXPOSURE**

For the year ended 31 December 2022, the Group earned revenue in RMB and incurred costs in HK\$, RMB, US\$ and KHR. 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.

## **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, 24 August 2022, 23 September 2022, 21 October 2022, 21 November 2022, 21 December 2022, 20 January 2023, 20 February 2023 and 21 March 2023.

As disclosed in the announcement of the Company dated 19 April 2022, the Company was in discussions with a Potential Offeror, the Other Potential Investors, Mr. Zhang and 2017 Noteholder for the Proposed Restructuring.

As disclosed in the announcement of the Company dated 20 June 2022, the Company received a notice of demand from the 2017 Noteholder on 17 June 2022 demanding redemption by the Company of all of the 2017 Convertible Loan Note issued by the Company to the 2017 Noteholder 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 amount due but unpaid under the 2017 Convertible Loan Note in full to the 2017 Noteholder.

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 2017 Noteholder 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 2017 Convertible Loan Note.

As at the date of this announcement, (a) despite receiving the Statutory Demand from the legal advisers acting on behalf of the 2017 Noteholder, China Huarong Macau (HK) Investment Holdings Limited on 22 July 2022, the Company had not repaid the debt within 3 weeks from the date of service of the statutory demand and the Group has not received any further notice of the 2017 Noteholder having commenced legal proceedings against the Company. The Company is still in the course of negotiation with the 2017 Noteholder on the settlement of the debt under statutory demand; (b) discussions and negotiations in respect of the terms of the Proposed Restructuring are still in progress; and (c) 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.



## **PROSPECTS**

The COVID-19 pandemic has led to major disturbances to global energy supply chains. In December 2022, the PRC government ended its zero-COVID policy and are managing efforts in resuming the economy to normal. The economy of PRC has begun to recover steadily and comprehensively.

Nevertheless, the Board is of the view that the Coal Mining Business is still full of challenges, such as rising competition from renewable energies, and tightening government regulations and industry practices due to increasing environmental, social and corporate governance awareness.

In the future, the Board will develop the competitive edges of the Group to enhance the performance of core businesses at a steady pace and will also actively seize investment opportunities prudently and thoroughly in order to generate favourable returns for our shareholders.

The Group will maintain stringent corporate governance and leverage our competitive advantages to create greater value for our shareholders, employees and society.

## **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 policy are reviewed on a regular basis.

As at 31 December 2022, the Group employed 1,122 full time employees in Hong Kong and PRC. The Group remunerates its employees based on individual and business performance. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option.

The emoluments of the Directors were determined with reference to their duties and responsibilities with the Company, the Company's performance, prevailing market conditions and the market emoluments for directors of other listed companies and reviewed by the remuneration committee of the Company.

## **PURCHASE, SALE AND REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2022.

## **MAJOR CUSTOMER AND SUPPLIERS**

Sales to the Group's largest customer accounted for approximately 73% of the Group's total sales in 2022. Sales to the Group's five largest customers accounted for approximately 99% of the Group's total sales in 2022.

Purchases from the Group's five largest suppliers accounted for 100% of the total purchases in 2022.

None of the Directors, any of their associates, or any of the substantial Shareholders (which are disclosed to the Directors) had any beneficial interest in the Group's five largest customers and suppliers.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules throughout the year ended 31 December 2022 and as at the date of this announcement.

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

The Group did not have any material acquisition or disposal of subsidiaries during the year ended 31 December 2022.

## **ENVIRONMENT POLICIES AND PERFORMANCE**

The Group is committed to contributing to the sustainability of the environment and maintaining a good standard of corporate social governance essential for bringing a framework for motivating employees to contribute to our community.

The Group has made continuous efforts in promoting green measures and awareness in daily business operations. The principles of recycling and reducing will always be encouraged to adhere to as much as possible, such as implementing green office practices of double-sided printing and copying, setting up recycling bins and switching off idle lightings and regulating air-conditioning in different zoning.

The Environmental, Social and Governance Report conducted by a professional third party for year 2022 will be published separately in compliance with the requirements of the Listing Rules.

## **COMPLIANCE WITH REGULATIONS**

During the year, there was no incidence of non-compliance with relevant laws and regulations that have a significant impact on the Group as far as the Board is aware.

## **INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

During the year ended 31 December 2022, the Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received the confirmation of independence from all three (3) independent non-executive Directors (“INEDs”), namely Mr. Ho Kin Cheong, Kelvin, Mr. Shen Weidong and Mr. Tian Hong in accordance with Rules 3.13 of the Listing Rules.

The Board has reviewed the independence of all INEDs and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the INEDs has been impaired up to the date of this announcement.

## **DISCLOSURE OF DIRECTORS’ INFORMATION PURSUANT TO RULE 13.51B OF THE LISTING RULES**

The change in the information on Directors since 1 January 2022 or after their date of appointment, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, as set out below:

Mr. Ho Kin Cheong, Kelvin	Mr. Ho resigned as an independent non-executive director of CECEP COSTIN New Materials Group Limited (Stock Code: 2228) on 8 February 2022, a company was delisted from the Main Board of the Stock Exchange on 14 February 2022.
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Mr. Ho also resigned as an independent non-executive director of Rosan Resources Holdings Limited (Stock Code: 578), a company listed on the Main Board of the Stock Exchange, on 1 November 2022.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and adopted code provisions set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 14 of the Listing Rules as its own code on corporate governance practices.

In the opinion of the Board, the Company has complied with the code provisions of the CG Code during the year, except for the following deviations:

- 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 year ended 31 December 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) INEDs, 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.

## MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules 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 year ended 31 December 2022. To ensure Directors’ dealings in the securities of the Company 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 of the Company.

## **AUDIT COMMITTEE**

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) comprised three (3) members, all of whom are INEDs. The composition of the Audit Committee is Mr. Ho Kin Cheong, Kelvin (chairman of the Audit Committee), Mr. Shen Weidong and Mr. Tian Hong. Mr. Ho Kin Cheong, Kelvin is an associate member of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants. To the best knowledge of the Company, none of the members is a partner or former partner of Elite Partners CPA Limited, the Group’s external auditor (the “**Auditor**”).

The Audit Committee has reviewed with management in conjunction with the Auditor of the Group’s consolidated financial statements for the year ended 31 December 2022, the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal controls, and financial reporting matters of the Group for the year ended 31 December 2022.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Auditor, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2022. The work performed by the Auditor 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 HKICPA and consequently no assurance has been expressed by the Auditor on this announcement.

## **PUBLICATION OF THE RESULTS AND ANNUAL REPORT**

This announcement can be accessed on both the Stock Exchange’s and the Company’s website via <http://www.hkex.com.hk> and <http://www.greenleader.hk>. The 2022 annual report of the Company containing all other information of the Company required by the Listing Rules will be despatched to the Shareholders and published on the Stock Exchange’s and the Company’s website within the prescribed period.

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

Hong Kong, 31 March 2023

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