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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 2023**

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 2023 (the “**Interim Financial Information**”) together with the comparative figures for the corresponding period in 2022. 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**

<b>Financial Highlights</b>	<b>Six months ended 30 June</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>	<b>HK\$’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Revenue	<b>560,663</b>	1,163,491	(602,828)
Gross profit	<b>20,972</b>	485,490	(464,518)
(Loss)/profit for the period	<b>(1,904,000)</b>	864,315	(2,768,315)
(Loss)/profit for the period attributable to owners of the Company	<b>(1,000,447)</b>	304,288	(1,304,735)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	560,663	1,163,491
Cost of sales		<u>(539,691)</u>	<u>(678,001)</u>
Gross profit		20,972	485,490
Other operating income	4	1,594	5,872
Selling and distribution expenses		(205)	(1,352)
Administrative and other operating expenses		(121,123)	(211,731)
(Impairment losses)/reversal of impairment losses recognised in respect of mining rights		(1,462,024)	725,983
(Impairment losses)/reversal of impairment losses recognised in respect of property, plant and equipment		(542,727)	311,356
Finance costs	5	<u>(194,896)</u>	<u>(227,111)</u>
(Loss)/profit before taxation	6	(2,298,409)	1,088,507
Income tax credit/(expense)	7	<u>394,409</u>	<u>(224,192)</u>
<b>(Loss)/profit for the period</b>		<b><u>(1,904,000)</u></b>	<b><u>864,315</u></b>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		(1,000,447)	304,288
Non-controlling interests		<u>(903,553)</u>	<u>560,027</u>
		<b><u>(1,904,000)</u></b>	<b><u>864,315</u></b>
<b>(Loss)/earnings per share (HK cents)</b>	9		
Basic		<u>(190.1)</u>	<u>57.8</u>
Diluted		<u>(190.1)</u>	<u>14.2</u>

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

*For the six months ended 30 June 2023*

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i><b>HK\$'000</b></i>	<i><b>HK\$'000</b></i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(Loss)/profit for the period</b>	<b>(1,904,000)</b>	864,315
<b>Other comprehensive income/(expense) for the period:</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	<b>34,394</b>	(21,676)
Reclassification adjustments for foreign operations deregistration of during the period	<u>—</u>	<u>144</u>
<b>Total comprehensive (expense)/income for the period</b>	<b><u>(1,869,606)</u></b>	<b><u>842,783</u></b>
<b>Total comprehensive (expense)/income for the period attributable to:</b>		
Owners of the Company	<b>(970,188)</b>	313,544
Non-controlling interests	<b><u>(899,418)</u></b>	<u>529,239</u>
	<b><u>(1,869,606)</u></b>	<b><u>842,783</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	<b>HK\$'000</b> <b>(Unaudited)</b>	<b>HK\$'000</b> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,849,370	2,397,212
Mining rights		3,960,450	5,785,597
Intangible assets		9,298	10,814
Deposits paid for acquisition of property, plant and equipment		48,027	67,700
Deferred tax assets		<u>48</u>	<u>–</u>
		<b><u>5,867,193</u></b>	<b><u>8,261,323</u></b>
<b>Current assets</b>			
Inventories		183,386	123,273
Trade receivables	10	320,588	260,449
Prepayment, deposits, bills receivables and other receivables		132,196	154,125
Amounts due from related companies		5,770	5,996
Restricted bank balances		–	2,594
Cash and cash equivalents		<u>111,418</u>	<u>161,675</u>
		<b><u>753,358</u></b>	<b><u>708,112</u></b>
<b>Current liabilities</b>			
Trade payables	11	23,484	21,672
Other payables		1,472,410	1,353,099
Amount due to a director		14,826	14,821
Amounts due to non-controlling interests		5,573,940	5,700,952
Other borrowings		707,921	707,921
Lease liabilities		7,131	1,622
Income tax liabilities		<u>10,931</u>	<u>6,612</u>
		<b><u>7,810,643</u></b>	<b><u>7,806,699</u></b>

	<b>30 June</b>	31 December
	<b>2023</b>	2022
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Net current liabilities</b>	<u><b>(7,057,285)</b></u>	<u><b>(7,098,587)</b></u>
<b>Total assets less current liabilities</b>	<u><u><b>(1,190,092)</b></u></u>	<u><u><b>1,162,736</b></u></u>
<b>Capital and reserves</b>		
Share capital	<b>526</b>	526
Reserves	<u><b>(3,558,065)</b></u>	<u><b>(2,587,877)</b></u>
<b>Capital deficiencies attributable to owners of the Company</b>	<b>(3,557,539)</b>	<b>(2,587,351)</b>
<b>Non-controlling interests</b>	<u><b>1,171,628</b></u>	<u><b>2,121,661</b></u>
<b>Total capital deficiencies</b>	<u><b>(2,385,911)</b></u>	<u><b>(465,690)</b></u>
<b>Non-current liabilities</b>		
Provision for restoration, rehabilitation and environmental costs	<b>91,991</b>	84,126
Amounts due to related companies	<b>149,645</b>	146,698
Other payables	<b>176,763</b>	184,104
Lease liabilities	<b>13,750</b>	10,171
Deferred tax liabilities	<u><b>763,670</b></u>	<u><b>1,203,327</b></u>
	<u><b>1,195,819</b></u>	<u><b>1,628,426</b></u>
	<u><u><b>(1,190,092)</b></u></u>	<u><u><b>1,162,736</b></u></u>

## NOTES

*For the six months ended 30 June 2023*

### 1. GENERAL

Green Leader Holdings Group Limited (the “**Company**”), together with its subsidiaries, (collectively known 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 condensed consolidated interim financial information (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 is 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 2022 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 2022.

The financial information relating to the financial year ended 31 December 2022 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 2022 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 2022 in their report dated 31 March 2023.

## Basis of preparation of the Interim Financial Information

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

The Group incurred a net loss of HK\$1,904,000,000 (30 June 2022: nil) for the period ended 30 June 2023 and, as of that date, the Group had accumulated losses of approximately HK\$12,776,604,000 (31 December 2022: 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\$7,057,285,000 (31 December 2022: HK\$7,098,587,000) and approximately HK\$2,385,911,000 (31 December 2022: approximately HK\$465,690,000) as at 30 June 2023. 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\$6,467,213,000 (31 December 2022: approximately HK\$6,582,185,000), while its cash and cash equivalents (including restricted bank balances) amounted to approximately HK\$111,418,000 (31 December 2022: approximately HK\$164,269,000) only.

In preparing the Interim Financial Information, 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 30 June 2023 and as at 31 December 2022. 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 30 June 2023 and as at 31 December 2022;
- (c) amounts due to non-controlling interests of approximately HK\$5,573,940,000 (31 December 2022: approximately HK\$5,700,952,000) as at 30 June 2023 were outstanding by the Group. Included in amounts due to non-controlling interests with the amount of approximately HK\$3,797,226,000 (31 December 2022: approximately HK\$3,954,932,000) were matured and overdue for repayment and remains unsettled as at 30 June 2023 and as at 31 December 2022, while the remaining portion of approximately HK\$1,776,714,000 (31 December 2022: approximately HK\$1,746,020,000) 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\$129,417,000) was matured and overdue for repayment as at 30 June 2023 and as at 31 December 2022. 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 Interim Financial Information, 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' for 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' for 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 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 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

### **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 1 January 2023 for the preparation of the Group's Interim Financial Information:

HKFRS 17 (including the October 2022 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax relating to Assets and Liabilities arising from a Single Transaction

The application of the amendments to HKFRSs in the current period 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.

	Systems integration services and software solutions		Mining operation		Coal operation		Cassava starch operation		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<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)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June										
<b>REVENUE</b>										
Sales to external customers	<u>-</u>	<u>-</u>	<u>550,537</u>	<u>1,091,146</u>	<u>10,126</u>	<u>72,345</u>	<u>-</u>	<u>-</u>	<u>560,663</u>	<u>1,163,491</u>
<b>RESULTS</b>										
Segment (loss)/profit	<u>(52)</u>	<u>(300)</u>	<u>(2,100,366)</u>	<u>1,309,376</u>	<u>937</u>	<u>12,674</u>	<u>(16)</u>	<u>(6,806)</u>	<u>(2,099,497)</u>	<u>1,314,944</u>
Unallocated income									1	4,473
Unallocated expenses									(4,017)	(3,799)
Finance costs									<u>(194,896)</u>	<u>(227,111)</u>
(Loss)/profit before taxation									<u>(2,298,409)</u>	<u>1,088,507</u>

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the (loss)/profit 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 costs of amounts due to non-controlling interests 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 software solutions		Mining operation		Coal operation		Cassava starch operation		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Six months ended 30 June</b>										
<b>Types of goods or services</b>										
Sales of goods										
- Raw coal	-	-	438,871	908,886	-	-	-	-	438,871	908,886
- Clean coal	-	-	8,203	11,753	10,126	68,143	-	-	18,329	79,896
- Other coal products	-	-	103,463	170,507	-	4,202	-	-	103,463	174,709
	-	-	550,537	1,091,146	10,126	72,345	-	-	560,663	1,163,491
<b>Geographical markets</b>										
People's Republic of China (the "PRC")										
	-	-	550,537	1,091,146	10,126	72,345	-	-	560,663	1,163,491
<b>Timing of revenue recognition</b>										
A point in time										
	-	-	550,537	1,091,146	10,126	72,345	-	-	560,663	1,163,491

ii) **Other operating income**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Bank interest income	241	99
Gain on disposal of a subsidiary	–	624
Gain on deregistration of subsidiaries	–	3,583
Government grants <i>(Note)</i>	127	67
Sundry income	<u>1,226</u>	<u>1,499</u>
	<u><b>1,594</b></u>	<u><b>5,872</b></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**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Effective interest on convertible loan notes	–	24,509
Interest on other borrowings	120,116	124,902
Interest on lease liabilities	289	774
Interest on amounts due to non-controlling interests	<u>107,185</u>	<u>107,725</u>
Total interest expenses on financial liabilities	<b>227,590</b>	257,910
Less: amounts capitalised in construction in progress	<b>(34,671)</b>	(33,432)
Imputed interest for provision for restoration, rehabilitation and environmental costs	<u>1,977</u>	<u>2,633</u>
	<u><b>194,896</b></u>	<u><b>227,111</b></u>

## 6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of mining rights (included in cost of sales)	183,886	146,742
Amortisation of intangible assets	988	1,193
Depreciation of property, plant and equipment (including right-of-use assets)	56,504	99,460
Directors' and chief executives' emoluments	1,158	1,162
Staff costs (excluding director's and chief executives' emoluments)	58,148	68,470
Written off of prepayment	1,501	6,573
Written off of property, plant and equipment	–	49

## 7. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax expense:		
PRC Enterprise Income Tax (the “EIT”)	17,068	79,384
Deferred tax (credit)/expense	(411,477)	144,808
Income tax (credit)/expense	(394,409)	224,192

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 the six months ended 30 June 2023 and 2022, nor any dividend been proposed by the Board subsequent to 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:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>(Loss)/earnings</b>		
(Loss)/profit for the purpose of basic (loss)/earnings per share	(1,000,447)	304,288
<i>Effect of dilutive potential ordinary shares:</i>		
Interest on convertible loan notes (net of income tax)	—	24,509
(Loss)/profit for the purpose of diluted (loss)/earnings per share	<u>(1,000,447)</u>	<u>328,797</u>
	Six months ended 30 June	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	526,260	526,260
<i>Effect of dilutive potential ordinary shares:</i>		
Convertible loan notes	—	1,795,455
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u>526,260</u>	<u>2,321,715</u>

The calculation of diluted (loss)/earnings per share for the period ended 30 June 2023 and 30 June 2022 does not assume exercise of share options, since these exercise would result in an anti-dilutive effect on basic (loss)/earnings per share.

## 10. TRADE RECEIVABLES

The Group normally grants to its customers credit periods ranging from 30 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> <b>2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Within 30 days	<b>241,966</b>	176,929
31-60 days	<b>26,884</b>	82,932
61-90 days	–	588
91-180 days	–	–
181-365 days	<b>51,738</b>	–
	<b>320,588</b>	<b>260,449</b>

The Group does not hold any collateral over these balances.

## 11. TRADE PAYABLES

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

	<b>30 June</b> <b>2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Within 30 days	–	19,876
31 days to 60 days	–	–
61 days to 90 days	–	–
91 days to 180 days	<b>270</b>	–
181 days to 365 days	<b>21,418</b>	–
Over 365 days	<b>1,796</b>	1,796
	<b>23,484</b>	<b>21,672</b>

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

	As at <b>30 June</b> <b>2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	As at 31 December 2022 HK\$'000 (Audited)
Contracted but not provided for in respect of:		
– acquisition of property, plant and equipment	<u><b>431,819</b></u>	<u>457,573</u>

### (b) Environmental contingencies

As at 30 June 2023 and 31 December 2022, 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.

## **INTERIM DIVIDEND**

The board of Directors (the “**Board**”) does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Overview**

In the first half of 2023, we operated in a challenging macroeconomic environment. Externally, the United States and European central banks continued their tightening cycles under the mounting inflationary pressures, resulting currency exchange rate fluctuations. Internally, the economic inflection point remains uncertain due to factors such as the persistent rise in unemployment rates and a decline in consumer sentiment following the aftermath of the pandemic. During the first half of 2023, the decrease of the Group’s turnover was primarily due to the decrease in both selling price of coking coals and coal production volume in the first half of 2023.

#### **Coal Mining Business**

As at 30 June 2023, the Group had 5 coking coal mines which are Fuchang Mine, Jinxin Mine, Liaoyuan Mine, Bolong Mine and Xinfeng Mine located in Gujjiao, Taiyuan City, Shanxi, 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 August 2023.

The coal mines in full operation during the six months ended 30 June 2023 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. The operation of Jinxin Mine had resumed since April 2023.

\* For identification purpose only

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 was resumed in April 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 are 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\$10,126,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$72,345,000).

### **Cambodia Business**

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

## **FINANCIAL REVIEW**

### **Review of Results**

#### ***(Loss)/profit for the period***

Loss for the six months ended 30 June 2023 was approximately HK\$1,904,000,000 (profit for the six months ended 30 June 2022: approximately HK\$864,315,000). The change in the loss 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 2023, the Group recorded a revenue of approximately HK\$560,663,000 (six months ended 30 June 2022: approximately HK\$1,163,491,000), representing a decrease of approximately HK\$602,828,000, which the revenue is generated from mining operation and mainly came from Fuchang Mine, Liaoyuan Mine and Jinxin Mine. The decrease in revenue is mainly due to the decrease in selling price and production units of the mining products in this period.

**(ii) Gross profit**

For the six months ended 30 June 2023, the Group recorded a gross profit of approximately HK\$20,972,000 with a gross profit ratio of 3.7% (six months ended 30 June 2022: approximately HK\$485,490,000 with a gross profit ratio of 41.7%). The decrease in gross profit and gross profit ratio is mainly due to the decrease 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 2023 was approximately HK\$121,123,000 (six months ended 30 June 2022: approximately HK\$211,731,000), which was mainly due to the decrease 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\$59,306,000 (six months ended 30 June 2022: approximately HK\$69,632,000), other tax expenses amounted to approximately HK\$36,041,000 (six months ended 30 June 2022: approximately HK\$80,297,000).

**(iv) (Impairment loss)/reversal of impairment losses in respect of mining rights, and property, plant and equipment ("PPE")**

For the six months ended 30 June 2023, impairment losses in respect of mining rights and PPE was approximately HK\$1,462,024,000 (six months ended 30 June 2022: reversal of impairment loss approximately HK\$725,983,000) and approximately HK\$542,727,000 (six months ended 30 June 2022: reversal of impairment loss approximately HK\$311,356,000) respectively. This was the result of decrease in recoverable amounts of the Group's five coal mines located in Shanxi, mainly due to the overall decrease in coal prices during the six months ended 30 June 2023.

**(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 project. Finance costs were calculated from total borrowing costs less interest expenses capitalised.

For the six months ended 30 June 2023, finance costs amounted to approximately HK\$194,896,000 (six months ended 30 June 2022: approximately HK\$227,111,000), decrease by approximately HK\$32,215,000, mainly resulting from the decrease in effective interest on convertible loan notes and interest expenses on other borrowings from approximately HK\$149,411,000 to approximately HK\$120,116,000.

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

For the six months ended 30 June 2023, loss attributable to owners of the Company was approximately HK\$1,000,447,000 (six months ended 30 June 2022: profit attributable to owners of the Company was approximately HK\$304,288,000), mainly due to the decrease of revenue and gross profit generated from mining operations and the change from reversal of impairment loss on mining rights and PPE of approximately HK\$1,037,339,000 in the 2022 interim to impairment loss on mining rights and PPE of approximately HK\$2,004,751,000 in current period.

***Valuation of coal mines***

The decrease in fair value of coal mines as at 30 June 2023 was mainly due to the decrease 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 13.0% (31 December 2022: 12.5%) and expected clean coal price of RMB1,329 per tonne (31 December 2022: RMB1,627 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 2022 and 30 June 2023 (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 2023</b>	<b>31 December 2022</b>
	<b>Income Approach</b>	Income Approach
<b>Key Assumptions</b>		
1. Production Schedule – Safe Production Date		
Bolong Mine	<b>First quarter of 2024</b>	Third quarter of 2023
Fuchang Mine	<b>Operating</b>	Operating
Jinxin Mine	<b>Operating</b>	Third quarter of 2023
Liaoyuan Mine	<b>Operating</b>	Operating
Xinfeng Mine	<b>Note II</b>	Note II
2. Clean Coal Price (per tonne)	<b>RMB1,329</b>	RMB1,627
3. Discount Rate (post-tax)	<b>13.0%</b>	12.5%
4. 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 JT Boyd in 2017
5. Allowable annual working days	<b>276 days</b>	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:* 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 30 June 2023, the Group recorded total assets of approximately HK\$6,620,551,000 (as at 31 December 2022: approximately HK\$8,969,435,000), which were financed by total liabilities of approximately HK\$9,006,462,000 (as at 31 December 2022: approximately HK\$9,435,125,000) and total capital deficiencies of approximately HK\$2,385,911,000 (as at 31 December 2022: approximately HK\$465,690,000).

### **Gearing**

As at 30 June 2023, the Group's gearing ratio as computed as the Group's total debts which included 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 2023 and 31 December 2022 respectively.

### **Liquidity**

The Group had total cash and cash equivalents of approximately HK\$111,418,000 as at 30 June 2023 (as at 31 December 2022: approximately HK\$161,675,000). 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, 24 August 2022, 23 September 2022, 21 October 2022, 21 November 2022, 21 December 2022, 20 January 2023, 20 February 2023, 21 March 2023 and 20 April 2023.

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, and a holder of the convertible loan note, China Huarong Macau (HK) Investment Holdings Limited (the “**2017 Noteholder**”), in the outstanding aggregate principal amount of US\$40,000,000 (the conversion period of which has expired) (the “**2017 Convertible Loan Note**”) 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**”).

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 amounts 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.

On 20 April 2023, the Company announced that (i) the discussion with the Potential Offeror and the Other Potential Investors in relation to the Proposed Restructuring is terminated; and (ii) no formal agreement has been entered into between the Company and the Potential Offeror and the Other Potential Investors in relation to the Proposed Restructuring. As such, the Proposed Restructuring involving the Potential Offeror and the Other Potential Investors will not proceed further. Details can be referred to the relevant announcements of the Company.

## **MANAGEMENT VIEW ON GOING CONCERN**

As disclosed in the corporate governance report contained in the 2022 Annual Report, the Directors confirmed that except for the issue as explained under the basis of preparation 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 2017 Noteholder 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.

## **The Non-Controlling Interests**

The Company has taken various actions since publication of the 2022 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 the Potential Offeror and the Other Potential Investors, Mr. Zhang, and 2017 Noteholder for the 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 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) the Disposal; 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).

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.

On 20 April 2023, the Board announced that (i) the discussion with the Potential Offeror and the Other Potential Investors in relation to the Proposed Restructuring is terminated; and (ii) no formal agreement has been entered into between the Company and the Potential Offeror and the Other Potential Investors in relation to the Proposed Restructuring. Therefore, the Proposed Restructuring involving the Potential Offeror and the Other Potential Investors will not proceed further.

As at the date of this announcement, 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 has been actively negotiated with the 2017 Noteholder for possible extension and/or settlement. However, the repayment timetable has yet to be finalized. 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 Shareholders upon entering into the relevant definitive agreement(s) on an extension of the 2017 Convertible Loan Notes and/or the subscriptions by the 2017 Noteholder.

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, 21 March 2023 and 20 April 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**

In the first half of 2023, the Group's turnover fell below expectations due to a challenging macroeconomic environment and a decrease in the selling price of coking coal. Despite these challenges, there are some positive factors of the development of the coal industry in Shanxi in the short run, the Shanxi government has a positive attitude toward local economic development. Coal capacity control measures are being implemented, we expect infrastructure development to facilitate the transportation of coal from Shanxi to other regions of China. Therefore, the Group remains optimistic about the short-term growth of the coal industry in Shanxi.

In the second half of the year, the Group will continue to adhere to the general strategy of seeking progress while maintaining stability and solidly promoting high-quality development. The Group expects that cash inflow will be generated steadily in the future 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.

## **SHARE CAPITAL AND CAPITAL STRUCTURE**

As at 30 June 2023 and 31 December 2022, 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, 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 2023 and 31 December 2022.

## **FOREIGN EXCHANGE EXPOSURE**

For the period ended 30 June 2023, 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 2023.

## **CONTINGENT LIABILITY AND CAPITAL COMMITMENTS**

The Group had no material contingent liability as at 30 June 2023 and 31 December 2022.

The Group had capital commitments for the acquisition of property, plant and equipment which were contracted but not provided for as at 30 June 2023 of approximately HK\$431,819,000 (as at 31 December 2022: approximately HK\$457,573,000).

## **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 2023, the Group employed approximately 1,318 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 2023, 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**

Despite the new difficulties and challenges faced by the current economic operation, there are some positive factors of the development of the coal industry in Shanxi in the short run, including the fact that the consolidation of multiple mines into fewer mines is in line with the government's environmental policies. Furthermore, there is a positive attitude of the Shanxi government toward local economic development. Coal capacity control is being undertaken, and infrastructure development is expected, which will facilitate the transportation of coal from Shanxi to other regions of China.

In the second half of the year, the Group will continue to adhere to the general strategy of seeking progress while maintaining stability, solidly promote high-quality development, vigorously enhance its core competitiveness, strengthen its core functions, keep on overcoming difficulties and challenges in the course of advancement.

The management and staff of the Company will be the first to assume responsibility, take the initiative, focus on key areas, and tackle difficulties with the aim of better implementing the national strategy and rewarding all shareholders with new achievements of high-quality development.

## **OTHER INFORMATION**

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

During the six months ended 30 June 2023, 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 2023. 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 2023 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 2023, 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.

## **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 2023.

## **PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2023 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](http://www.hkexnews.hk)) and the Company ([www.greenleader.hk](http://www.greenleader.hk)) and the 2023 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, 29 August 2023

*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.*