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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 2024

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 2024 (the “**Interim Financial Information**”) together with the comparative figures for the corresponding period in 2023. The Interim Financial Information had not been reviewed or audited by the Company’s auditor, but had been reviewed by the audit committee of the Company (the “**Audit Committee**”).

#### HIGHLIGHTS

Financial Highlights	Six months ended 30 June		
	2024 HK\$’000 (Unaudited)	2023 HK\$’000 (Unaudited) (Restated)	Change HK\$’000
Revenue	161,882	112,860	49,022
Gross profit	12,045	1,431	10,614
Profit/(loss) for the period	1,710,061	(1,904,000)	3,614,061
Profit/(loss) for the period attributable to owners of the Company	1,726,335	(1,000,447)	2,726,782

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>			
Revenue	4	161,882	112,860
Cost of sales		<u>(149,837)</u>	<u>(111,429)</u>
Gross profit		12,045	1,431
Other operating income	4	3,755	18
Administrative and other operating expenses		(15,204)	(14,936)
Finance costs	5	<u>(118,318)</u>	<u>(120,136)</u>
Loss before taxation	6	(117,722)	(133,623)
Income tax expense	7	<u>(2,841)</u>	<u>(43)</u>
<b>Loss for the period from continuing operations</b>		<u>(120,563)</u>	<u>(133,666)</u>
<b>Discontinued operation</b>			
Profit/(loss) for the period from discontinued operation	9	<u>1,830,624</u>	<u>(1,770,334)</u>
<b>Profit/(loss) for the period</b>		<u>1,710,061</u>	<u>(1,904,000)</u>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		1,726,335	(1,000,447)
Non-controlling interests		<u>(16,274)</u>	<u>(903,553)</u>
		<u>1,710,061</u>	<u>(1,904,000)</u>

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	(Unaudited) (Restated)
<b>Loss for the period from continuing operations attributable to owners of the Company</b>	<b><u>(120,563)</u></b>	<b><u>(133,666)</u></b>
<b>Profit/(loss) for the period from discontinued operation attributable to:</b>		
Owners of the Company	<b>1,846,898</b>	(866,781)
Non-controlling interests	<b><u>(16,274)</u></b>	<u>(903,553)</u>
	<b><u>1,830,624</u></b>	<b><u>(1,770,334)</u></b>
<b>Earnings/(loss) per share (HK cents)</b>	<i>10</i>	
<b>From continuing and discontinued operations</b>		
Basic	<b><u>328.0</u></b>	<u>(190.1)</u>
Diluted	<b><u>168.5</u></b>	<u>(190.1)</u>
<b>From continuing operations</b>		
Basic	<b><u>(22.9)</u></b>	<u>(25.4)</u>
Diluted	<b><u>(11.7)</u></b>	<u>(25.4)</u>
<b>From discontinued operation</b>		
Basic	<b><u>350.9</u></b>	<u>(164.7)</u>
Diluted	<b><u>180.2</u></b>	<u>(164.7)</u>

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

*For the six months ended 30 June 2024*

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Profit/(loss) for the period</b>	<b>1,710,061</b>	(1,904,000)
<b>Other comprehensive income for the period:</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	<b>20,362</b>	34,394
Reclassification adjustments for foreign operations deemed disposed of during the period	<u><b>168,907</b></u>	<u>–</u>
	<u><b>189,269</b></u>	<u>34,394</u>
<b>Total comprehensive income/(expense) for the period</b>	<u><b>1,899,330</b></u>	<u>(1,869,606)</u>
<b>Total comprehensive income/(expense) for the period attributable to:</b>		
Owners of the Company	<b>1,913,521</b>	(970,188)
Non-controlling interests	<u><b>(14,191)</b></u>	<u>(899,418)</u>
	<u><b>1,899,330</b></u>	<u>(1,869,606)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		<b>30 June 2024</b>	31 December 2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>5,450</b>	1,438,660
Mining rights		–	3,019,165
Intangible assets		–	8,368
Investment in associate		–	–
Deposits paid for acquisition of property, plant and equipment		–	53,306
		<b>5,450</b>	<b>4,519,499</b>
<b>Current assets</b>			
Inventories		–	35,450
Trade receivables	<i>11</i>	<b>84,145</b>	355,642
Prepayment, deposits, bills receivables and other receivables		<b>77,725</b>	161,881
Amounts due from related companies		<b>5,734</b>	5,872
Prepaid tax		–	5,257
Restricted bank balances		–	16,669
Cash and cash equivalents		<b>1,455</b>	101,430
		<b>169,059</b>	<b>682,201</b>
<b>Non-current asset classified as held for sale</b>		–	20,870
		<b>169,059</b>	<b>703,071</b>
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>41,193</b>	24,138
Other payables		<b>1,249,254</b>	1,500,853
Amount due to a director		<b>14,821</b>	14,821
Amounts due to associates		<b>479,903</b>	–
Amounts due to non-controlling interests		–	5,621,071
Other borrowings		<b>312,921</b>	707,921
Lease liabilities		<b>1,608</b>	2,363
Income tax liabilities		<b>3,437</b>	3,541
		<b>2,103,137</b>	<b>7,874,708</b>

	<b>30 June 2024</b>	31 December 2023
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
<b>Net current liabilities</b>	<u><b>(1,934,078)</b></u>	<u>(7,171,637)</u>
<b>Total assets less current liabilities</b>	<u><b>(1,928,628)</b></u>	<u>(2,652,138)</u>
<b>Capital and reserves</b>		
Share capital	<b>526</b>	526
Reserves	<u><b>(2,339,550)</b></u>	<u>(4,384,639)</u>
<b>Capital deficiencies attributable to owners of the Company</b>	<u><b>(2,339,024)</b></u>	<u>(4,384,113)</u>
<b>Non-controlling interests</b>	<u>–</u>	<u>670,500</u>
<b>Total capital deficiencies</b>	<u><b>(2,339,024)</b></u>	<u>(3,713,613)</u>
<b>Non-current liabilities</b>		
Convertible notes	<b>259,735</b>	–
Amounts due to related companies	<b>148,745</b>	143,900
Lease liabilities	<b>1,916</b>	15,986
Other payables	–	286,394
Provision for restoration, rehabilitation and environmental costs	–	84,462
Deferred tax liabilities	<u>–</u>	<u>530,733</u>
	<u><b>410,396</b></u>	<u>1,061,475</u>
	<u><b>(1,928,628)</b></u>	<u>(2,652,138)</u>

## NOTES

For the six months ended 30 June 2024

### 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. On 19 January 2024, Shanxi Coal Transportation and Marketing Group Energy Investment Development Limited\* (山西煤炭運銷集團能源投資開發有限公司) (“**Shanxi Coal Group**”) completed a reorganisation in compliance with relevant government policies issued by the Shanxi Provincial Government\* (山西省政府) whereby, amongst others, Shanxi Ruiying Investment and Management Co., Ltd\* (山西瑞盈投資管理有限公司) (“**Shanxi Ruiying**”), Shanxi Changtong Energy Share Co., Ltd\* (山西昌通能源股份有限公司) (“**Shanxi Changtong**”) and Taiyuan Zhituo Investment Consultant Co., Ltd\* (太原市智拓投資顧問有限公司) have collectively issued an undertaking in favour of Xishan Meidian (Group) Company Limited\* (西山煤電(集團)有限責任公司) pursuant to which the 2 directors additionally appointed onto the board of directors of Shanxi Coal Group (the “**Shanxi Coal Group Board**”) by Shanxi Ruiying and Shanxi Changtong pursuant to a resolution of the shareholders of Shanxi Energy Industry Group Company Limited\* (山西能源產業集團有限責任公司) in 2009 shall abstain from exercising their voting rights at the meetings of the Shanxi Coal Group Board. As a result of the completion of the reorganisation, the Group has loss of control over the Shanxi Coal Group Board and the financial results of Shanxi Coal Group were no longer consolidated into the financial statements of the Group.

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.

\* for identification purpose only

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 2023 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 2023.

The financial information relating to the financial year ended 31 December 2023 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 2023 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 2023 in their report dated 28 March 2024.

### **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 had accumulated losses of approximately HK\$11,710,096,000 (31 December 2023: approximately HK\$13,536,612,000) and the Group’s current liabilities exceeded its current assets and total liabilities exceeds its total assets of approximately HK\$1,934,078,000 (31 December 2023: approximately HK\$7,171,637,000) and approximately HK\$2,339,024,000 (31 December 2023: approximately HK\$3,713,613,000) as at 30 June 2024. As at the same date, the Group’s total borrowings (including amount due to a director, other borrowings, convertible notes, amounts due to related companies, amounts due to associates, amounts due to non-controlling interests and lease liabilities) amounted to approximately HK\$1,219,649,000 (31 December 2023: approximately HK\$6,506,062,000), while its cash and cash equivalents (including restricted bank balances) amounted to approximately HK\$1,455,000 (31 December 2023: approximately HK\$118,099,000) 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) had matured and became overdue for repayment as at 30 June 2024 and as at 31 December 2023. 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; and
- (b) other payables related to consideration for acquisition of subsidiaries with the carrying amounts of approximately RMB119,709,000 (equivalent to approximately HK\$128,567,000) had matured and became overdue for repayment as at 30 June 2024 and as at 31 December 2023. 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 (b).

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 will be able to improve the Group's financial position and alleviate its liquidity pressure if the following is achieved:

- (a) the Group can successfully negotiate with the holders of the 2017 Convertible Loan Notes to extend the repayment due dates;
- (b) the Group can successfully negotiate the extension of the repayment due dates of the other payables related to considerations for acquisition of subsidiaries due by the Group;
- (c) 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
- (d) the Group can successfully obtain 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 whether (a) the Group can successfully negotiate with the holders of the 2017 Convertible Loan Notes to extend the repayment due dates; (b) the Group can successfully negotiate the extension of the repayment due dates of the other payables related to considerations for acquisition of subsidiaries due by the Group; (c) 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 (d) the Group can successfully 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 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

### 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 2024 for the preparation of the Group's Interim Financial Information:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Shanxi Coal Group constitute a major line of business in mining operation. Upon the deemed disposal of Shanxi Coal Group, the segment information reported below does not include any amounts for the discontinued operations, which are disclosed for more detail in note 9.

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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	<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)
				(Restated)						(Restated)
<b>Six months ended 30 June</b>										
<b>REVENUE</b>										
Sales to external customers	<u>-</u>	<u>-</u>	<u>88,757</u>	<u>102,734</u>	<u>73,125</u>	<u>10,126</u>	<u>-</u>	<u>-</u>	<u>161,882</u>	<u>112,860</u>
<b>RESULTS</b>										
Segment (loss)/profit	<u>(51)</u>	<u>(52)</u>	<u>(9,985)</u>	<u>(10,340)</u>	<u>11,376</u>	<u>937</u>	<u>(7)</u>	<u>(16)</u>	1,333	(9,471)
Unallocated income									3,752	1
Unallocated expenses									(4,489)	(4,017)
Finance costs									<u>(118,318)</u>	<u>(120,136)</u>
Loss before taxation									<u>(117,722)</u>	<u>(133,623)</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 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 software solutions		Mining operation		Coal operation		Cassava starch operation		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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)
				(Restated)						(Restated)
<b>Six months ended</b>										
<b>30 June</b>										
<b>Continuing operations</b>										
<b>Types of goods or services</b>										
<b>Sales of goods</b>										
- Raw coal	-	-	-	-	-	-	-	-	-	-
- Clean coal	-	-	88,757	102,734	73,125	10,126	-	-	161,882	112,860
- Other coal products	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>88,757</u>	<u>102,734</u>	<u>73,125</u>	<u>10,126</u>	<u>-</u>	<u>-</u>	<u>161,882</u>	<u>112,860</u>
<b>Geographical markets</b>										
People's Republic of China (the "PRC")	<u>-</u>	<u>-</u>	<u>88,757</u>	<u>102,734</u>	<u>73,125</u>	<u>10,126</u>	<u>-</u>	<u>-</u>	<u>161,882</u>	<u>112,860</u>
<b>Timing of revenue recognition</b>										
A point in time	<u>-</u>	<u>-</u>	<u>88,757</u>	<u>102,734</u>	<u>73,125</u>	<u>10,126</u>	<u>-</u>	<u>-</u>	<u>161,882</u>	<u>112,860</u>

ii) **Other operating income**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
<b>Continuing operations</b>		
Bank interest income	4	18
Gain on modification of financial liabilities	3,738	–
Government grants ( <i>Note</i> )	<u>13</u>	<u>–</u>
	<u><b>3,755</b></u>	<u><b>18</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>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
<b>Continuing operations</b>		
Effective interest on convertible notes	468	–
Interest on other borrowings	109,128	111,088
Interest on other payables	8,667	8,998
Interest on lease liabilities	<u>55</u>	<u>50</u>
Total interest expenses on financial liabilities	<u><b>118,318</b></u>	<u><b>120,136</b></u>

## 6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Restated)
<b>Continuing operations</b>		
Depreciation of property, plant and equipment (including right-of-use assets)	647	483
Directors' and chief executives' emoluments	1,156	1,158
Staff costs (excluding director's and chief executives' emoluments)	<u>2,404</u>	<u>1,614</u>

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Restated)
<b>Continuing operations</b>		
Current tax expense:		
PRC Enterprise Income Tax (the "EIT")	<u>2,841</u>	<u>43</u>

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

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

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

## 8. DIVIDENDS

No dividend was paid, declared or proposed to be paid for the six months ended 30 June 2024 and 2023, nor has any dividend been proposed by the Board subsequent to the end of the reporting period.

## 9. DISCONTINUED OPERATION

Shanxi Coal Group was engaged in mining operations. Upon completion of the reorganisation of Shanxi Coal Group, it had ceased to be non-wholly owned subsidiaries of the Group. As Shanxi Coal Group constituted a major line of business in mining operation, the financial results of Shanxi Coal Group have been classified as discontinued operation.

Profit/(loss) for the period from the discontinued operation are analysed as follows:

	<b>Period from 1 January 2024 to respective date of deemed disposal HK\$'000 (Unaudited)</b>	From 1 January 2023 to 30 June 2023 HK\$'000 (Unaudited)
Loss for the period from Shanxi Coal Group	(32,277)	(1,770,334)
Gain on deemed disposal of Shanxi Coal Group	<u>1,862,901</u>	<u>–</u>
Profit/(loss) for the year from discontinued operation	<u><u>1,830,624</u></u>	<u><u>(1,770,334)</u></u>

The result of the discontinued operations for the period, which have been included in the condensed consolidated statement of profit or loss, were as follows:

	<b>Period from 1 January 2024 to respective date of deemed disposal HK\$'000 (Unaudited)</b>	From 1 January 2023 to 30 June 2023 HK\$'000 (Unaudited)
Revenue	<b>25,092</b>	447,803
Cost of sales	<b>(27,978)</b>	<u>(428,262)</u>
Gross (loss)/profit	<b>(2,886)</b>	19,541
Other operating income	<b>42</b>	1,576
Selling and distribution expenses	<b>(615)</b>	(205)
Administrative and other operating expenses	<b>(27,260)</b>	(106,187)
Impairment loss recognised in respect of mining rights	–	(1,462,024)
Impairment loss recognised in respect of property, plant and equipment	–	(542,727)
Finance costs	<b>(6,308)</b>	<u>(74,760)</u>
Loss before tax	<b>(37,027)</b>	(2,164,786)
Income tax credit	<b>4,750</b>	<u>394,452</u>
Loss for the period from discontinued operation	<b>(32,277)</b>	(1,770,334)
Gain on deemed disposal of discontinued operation	<b>1,862,901</b>	<u>–</u>
Profit/(loss) for the period from discontinued operation	<b>1,830,624</b>	<u><u>(1,770,334)</u></u>



Profit/(loss) for the period from discontinued operation has been arrived at after charging:

	<b>Period from 1 January 2024 to respective date of deemed disposal HK\$'000 (Unaudited)</b>	From 1 January 2023 to 30 June 2023 HK\$'000 (Unaudited)
Amortisation of mining rights (included in cost of sales)	<b>18,995</b>	183,886
Amortisation of intangible assets	<b>85</b>	988
Depreciation of property, plant and equipment	<b>6,145</b>	56,021
Staff costs (excluding director's and chief executive emoluments)	<b>7,489</b>	56,534
	<u><b>18,995</b></u>	<u>183,886</u>

#### 10. EARNINGS/(LOSS) PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings/(loss)</b>		
Profit/(loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the period attributable to owners of the Company)	<b>1,726,335</b>	(1,000,447)
<i>Effect of dilutive potential ordinary shares:</i>		
Interest on convertible notes	<b>468</b>	–
	<u><b>1,726,803</b></u>	<u>(1,000,447)</u>

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>'000</b>	'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<b>526,260</b>	526,260
<i>Effect of dilutive potential ordinary shares:</i>		
Convertible notes	<u><b>498,737</b></u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u><b>1,024,997</b></u>	<u>526,260</u>

The calculation of diluted earnings/(loss) per share for the period ended 30 June 2024 and 30 June 2023 does not assume exercise of share options, since these exercise would result in an anti-dilutive effect on basic earnings/(loss) per share.

#### **From continuing operations**

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

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Loss</b>		
Loss for the purpose of basic earning/(loss) per share (loss for the period from continuing operations attributable to owners of the Company)	<b>(120,563)</b>	(133,666)
<i>Effect of dilutive potential ordinary shares:</i>		
Interest on convertible notes	<u><b>468</b></u>	<u>–</u>
Loss for the purpose of diluted earning/(loss) per share	<u><b>(120,095)</b></u>	<u>(133,666)</u>

The weighted average number of ordinary shares used herein are same as those detailed above for the purpose of basic and diluted earning/(loss) per share from continuing and discontinued operations respectively.

## From discontinued operation

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

	<b>Period from 1 January 2024 to respective date of deemed disposal HK\$'000 (Unaudited)</b>	From 1 January 2023 to 30 June 2023 HK\$'000 (Unaudited)
<b>Earnings/(loss)</b>		
Profit/(loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the period from discontinued operation attributable to owners of the Company)	<b>1,846,898</b>	(866,781)
<i>Effect of dilutive potential ordinary shares:</i>		
Interest on convertible notes	<u>468</u>	<u>–</u>
Profit/(loss) for the purpose of diluted earnings/(loss) per share	<u><b>1,847,366</b></u>	<u>(866,781)</u>

The weighted average number of ordinary shares used herein are same as those detailed above for the purpose of basic and diluted earnings/(loss) per share from continuing and discontinued operations respectively.

## 11. 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 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Within 30 days	<b>55,022</b>	147,726
31-60 days	<b>6,385</b>	205,714
61-90 days	<b>17,216</b>	–
91-180 days	<b>5,522</b>	–
181-365 days	<u>–</u>	<u>2,202</u>
	<u><b>84,145</b></u>	<u>355,642</u>

The Group does not hold any collateral over these balances.

## 12. 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 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Within 30 days	31,719	–
31 days to 60 days	7,679	–
61 days to 90 days	–	–
91 days to 180 days	–	–
181 days to 365 days	–	215
Over 365 days	<u>1,795</u>	<u>23,923</u>
	<u><b>41,193</b></u>	<u><b>24,138</b></u>

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

## 13. CAPITAL COMMITMENTS

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

	<b>As at 30 June 2024 HK\$'000 (Unaudited)</b>	As at 31 December 2023 HK\$'000 (Audited)
Contracted but not provided for in respect of:		
– acquisition of property, plant and equipment	<u>–</u>	<u>321,450</u>

## 14. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with the disclosure requirements in respect of the discontinued operation set out in note 9. Accordingly, the comparative figures in the condensed consolidated statement of profit or loss have been restated.

## INTERIM DIVIDEND

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

As of the first half of 2024, the Shanxi coal market is characterized by several notable trends and dynamics. Shanxi, a major coal-producing province in China, has experienced stable to slightly increased production levels, maintaining its crucial role in the country's coal supply. Coal prices in Shanxi have fluctuated due to various factors, including domestic supply issues and global market conditions. In the first half of 2024, prices have faced upward pressure from factors such as transportation costs, environmental regulations, and market speculation. Ongoing investments in infrastructure are enhancing coal mining efficiency and transportation. Upgrades to railways and logistics networks are crucial for improving the flow of coal from mines to end-users. Overall, while the Shanxi coal market remains robust and continues to play a significant role in China's energy landscape, it is influenced by a range of factors, including regulatory pressures, economic conditions, and global market dynamics.

#### Coal Mining Business

On 19 January 2024, in compliance with relevant government policies issued by the Shanxi Provincial Government\* (山西省政府), Jinneng Holdings Group Limited\* (晉能控股集團有限公司) (“**Jinneng**”) transferred its 41% equity interest in Shanxi Coal Transportation and Marketing Group Energy Investment Development Company Limited\* (山西煤炭運銷集團能源投資開發有限公司) (“**Shanxi Coal Group**”) (including its rights to appoint directors of Shanxi Coal Group) to Shanxi Coking Coal Group Coal Management Company Limited\* (山西焦煤集團煤業管理有限公司) (“**Shanxi Coking**”) and such equity interest is managed by its subsidiary, Xishan Meidian (Group) Company Limited\* (西山煤電(集團)有限責任公司) (“**Xishan Meidian**”). As a result of the reorganization and/or pursuant to the relevant governmental policies, Shanxi Ruiying Investment and Management Co., Ltd\* (山西瑞盈投資管理有限公司) (“**Shanxi Ruiying**”), Shanxi Changtong Energy Share Co., Ltd\* (山西昌通能源股份有限公司) (“**Shanxi Changtong**”) and Taiyuan Zhituo Investment Consultant Co., Ltd\* (太原市智拓投資顧問有限公司) have collectively issued an undertaking in favour of Xishan Meidian pursuant to which the 2 directors additionally appointed onto the board of directors of Shanxi Coal Group (the “**Shanxi Coal Group Board**”) by Shanxi Ruiying and Shanxi Changtong pursuant to a resolution of the shareholders of Shanxi Energy Industry Group Company Limited\* (山西能源產業集團有限責任公司) in 2009 shall abstain from exercising their voting rights at the meetings of the Shanxi Coal Group Board. As a result of the completion of the reorganisation, the Group has lost control over Shanxi Coal Group and the financial information of Shanxi Coal Group is no longer consolidated with the Group and Shanxi Coal Group and its subsidiaries will only be accounted for as associates of the Group under equity accounting method. Details are set out in the Company's announcements dated 19 January 2024 and 7 February 2024, respectively.

\* For identification purposes only

## Coal operation business

The business objective for the coal operation of the Group is to establish a leading enterprise that prioritizes profitability alongside safety, environmental responsibility, and community engagement. This objective is supported by a strategic framework that emphasizes operational excellence, diversification, environmental compliance, safety management, and social responsibility. Through the implementation of a comprehensive business plan encompassing market analysis of the coal operation sector, financial projections, operational strategies in the management of the coal operation business, environmental assessments and risk management, the business aims to achieve sustainable growth, mitigate risks, and create shared value for Shareholders. By aligning organizational goals with market dynamics, regulatory requirements, and sustainability principles, the coal operation business of the Group can position itself for long-term success and contribute positively to regional development and environmental sustainability.

The revenue-generating model for the coal operation business of the Group revolves around the processing, and sale of coal products, supplemented by long-term contracts with key customers, spot market sales, and value-added products such as coal derivatives, processed coal products. The coal operation business can optimize revenue generation, mitigate market risks, and capitalize on emerging opportunities by diversifying the revenue models. Our leadership team has diverse backgrounds in mining, engineering, finance, and environmental compliance. Management with technical expertise in mining operations, safety management, and environmental compliance is essential for optimizing operational efficiency and ensuring regulatory compliance. Additionally, we have managed the scale of manpower to support mining operations, maintenance, and administrative functions. By prioritizing safety, environmental compliance, and workforce development, the business can drive sustainable growth while maintaining a safe and productive work environment for all employees.

In the first half of 2024, to enhance the profitability of its coal operations, the Group plans to expand its business by introducing coal mixing and the sale of mixed coal. This new initiative will build upon the Group's existing coal-related operations. The coal mixing and processing facility for this venture is scheduled to be established at a steel construction coal storage shed located in Shanxi (the “**PRC Property**”). On 29 May 2024, Gujiao Jiayi Coal Co., Ltd\* (古交市嘉億煤業有限公司), as the lessor, and Gujiao Hengbaitai Coal Trading Co., Ltd\* (古交市恆佰泰煤炭貿易有限公司) (“**Hengbaitai**”), an indirect wholly-owned subsidiary of the Group, entered into a lease agreement for the PRC Property, which is effective for a term of three years from 1 June 2024 to 31 May 2027. Additionally, the Group has invested approximately RMB2,035,000 (equivalent to approximately HK\$2,261,000) in machinery for the coal mixing business. For further details, please refer to the Company's announcement dated 29 May 2024 and 18 June 2024 respectively.

\* *For identification purposes only*

The principal activities of Hengbaitai are coal processing, sale of coal products and the provision of coal related services. Hengbaitai is under the coal operation segment throughout the years and recorded a revenue of approximately HK\$73,125,000 for the period ended 30 June 2024 (30 June 2023: approximately HK\$10,126,000).

## **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 for the period from continuing operations***

Excluding the one month of impact for the six months ended 30 June 2024 and the full period of impact for the six months ended 30 June 2023 from the Discontinued Operations\*, loss for the six months ended 30 June 2024 was approximately HK\$120,563,000 (for the six months ended 30 June 2023: approximately HK\$133,666,000). The change in the loss for the period was mainly attributable to the combined effects of the factors as stated below:

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

Excluding the one month of impact for the six months ended 30 June 2024 and the full period of impact for the six months ended 30 June 2023 from the Discontinued Operations\*, the Group recorded a revenue of approximately HK\$161,882,000 (six months ended 30 June 2023: approximately HK\$112,860,000), representing an increase of approximately HK\$49,022,000, due to an increase in demand for processed coal products.

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

Excluding the one month of impact for the six months ended 30 June 2024 and the full period of impact for the six months ended 30 June 2023 from the Discontinued Operations\*, the Group recorded gross profit of approximately HK\$12,045,000 (six months ended 30 June 2023: approximately HK\$1,431,000). The increase in gross profit and gross profit ratio is mainly due to the increase in selling price of the processed coal products in this period.

\* On 19 January 2024, the Group has lost control over Shanxi Coal Group and the financial information of Shanxi Coal Group is no longer consolidated with the Group and Shanxi Coal Group and its subsidiaries will only be accounted for as associates of the Group under equity accounting method.

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

Excluding the one month of impact for the six months ended 30 June 2024 and the full period of impact for the six months ended 30 June 2023 from the Discontinued Operations\*, administrative and other operating expenses increased by approximately HK\$268,000. This increase is primarily due to elevated staff costs related to business development initiatives at our Hong Kong office.

**(iv) Impairment loss in respect of mining rights, and property, plant and equipment (“PPE”)**

Excluding the one month of impact for the six months ended 30 June 2024 and the full period of impact for the six months ended 30 June 2023 from the Discontinued Operations\*, no impairment loss related to mining rights and PPE was recorded, as these assets were classified under Discontinued Operations. Whilst the Group recognised impairment loss of approximately HK\$1,953,199,000 in respect of mining rights and PPE for the year ended 31 December 2023 due to the decrease in coal prices during the year which led to a decrease in aggregate estimated value in use amount of the Group’s coal mines. More specifically, the impairment losses were a result of the fluctuations in coal prices during the year ended 31 December 2023 due to the following factors:

- (i) The coal selling price experienced a significant increase between 2020–2022, rising from RMB877 per tonne in 2020 to RMB1,627 per tonne in 2022, showing an annual growth rate of approximately 80% in 2021 and around 10% in 2022. However, by 2023, the market recorded a decline in coal prices of around 20% compared to 2022.
- (ii) Facing increasingly stringent environmental regulations, the Group is experiencing rising costs, primarily related to increases in technological and innovation costs, such as to enhance the efficiency and safety of coal extraction, environmental monitoring, and management systems to ensure compliance with environmental standards and regulatory requirements etc.
- (iii) Higher actual capital expenditure levels in each mine included implementing stricter environmental control measures, which involved the purchase and installation of pollution prevention and control equipment, as well as the implementation of monitoring and reporting requirements.

\* On 19 January 2024, the Group has lost control over Shanxi Coal Group and the financial information of Shanxi Coal Group is no longer consolidated with the Group and Shanxi Coal Group and its subsidiaries will only be accounted for as associates of the Group under equity accounting method.



(iv) The resources within the same mine are finite. When production occurs each year, the available reserve within the mine diminishes, causing a decrease in mining reserve.

**(v) Finance costs**

Finance costs mainly consisted of interest expenses on convertible loan notes, other borrowings, other payables and lease liabilities. Excluding the one month of impact for the six months ended 30 June 2024 and the full period of impact for the six months ended 30 June 2023 from the Discontinued Operations\*, finance costs decreased by approximately HK\$1,818,000. This was mainly caused by the decrease in interest expense on other borrowings from approximately HK\$111,088,000 to approximately HK\$109,128,000.

***Loss for the period from continuing operations attributable to owners of the Company***

Excluding the one month of impact for the six months ended 30 June 2024 and the full period of impact for the six months ended 30 June 2023 from the Discontinued Operations\*, loss for the period from continuing operations attributable to owners of the Company was approximately HK\$120,563,000 (six months ended 30 June 2023: loss for the period from continuing operations attributable to owners of the Company was approximately HK\$133,666,000). This was mainly caused by the increase of profit in coal operation by approximately HK\$10,439,000, the gain on modification of financial liabilities by approximately HK\$3,738,000, the decrease of finance costs by approximately HK\$1,818,000, which was partly offset by an increase in administrative and other operating expenses by approximately HK\$268,000 and increase in income tax expenses by approximately HK\$2,798,000.

**LIQUIDITY AND FINANCIAL RESOURCES**

**Total capital deficiencies**

As at 30 June 2024, the Group recorded total assets of approximately HK\$174,509,000 (as at 31 December 2023: approximately HK\$5,222,570,000), which were financed by total liabilities of approximately HK\$2,513,533,000 (as at 31 December 2023: approximately HK\$8,936,183,000) and total capital deficiencies of approximately HK\$2,339,024,000 (as at 31 December 2023): approximately HK\$3,713,613,000).

\* On 19 January 2024, the Group has lost control over Shanxi Coal Group and the financial information of Shanxi Coal Group is no longer consolidated with the Group and Shanxi Coal Group and its subsidiaries will only be accounted for as associates of the Group under equity accounting method.

## Gearing

As at 30 June 2024, the Group's gearing ratio as computed as the Group's total debts which included amounts due to related companies, 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 2024 and 31 December 2023 respectively.

## Liquidity

The Group had total cash and cash equivalents of approximately HK\$1,455,000 as at 30 June 2024 (as at 31 December 2023: approximately HK\$101,430,000). The Group did not have any bank borrowings for both reporting periods.

## EXTENSION OF THE MATURITY OF THE 2020 CONVERTIBLE NOTES

References are made to the Company's circular dated 31 May 2024 and the Company's announcements (the "**CN Announcements**") dated 24 April 2024, 17 May 2024, 4 June 2024, 21 June 2024, and 26 June 2024 in respect of the connected transaction relating to, among others, the proposed extension of the maturity date of the convertible notes to each of China OEPC Limited ("**China OEPC**") and Ms. Hao Ting ("**Ms. Hao**") which originally expired on 20 October 2022 (the "**2020 Convertible Notes**"). Unless the context requires, capitalized terms used herein shall bear the same meanings as defined in the CN Announcements.

The 2020 Convertible Notes are zero coupon unsecured unlisted convertible notes with an aggregate principal amount of HK\$380,000,000 to China OEPC and HK\$15,000,000 to Ms. Hao at a conversion price of HK\$0.22 per share and subject to adjustment.

On 24 April 2024, the Company entered into the deeds of amendment (the "**Amendment Deeds**") with China OEPC and Ms. Hao respectively (collectively, the "**2020 Noteholders**"), pursuant to which the Company and the 2020 Noteholders conditionally agreed to extend the maturity date of the 2020 Convertible Notes from 20 October 2022 to the date falling on the second (2nd) anniversary of the date of completion of the Amendment Deeds in accordance with the terms and conditions thereof (the "**CN Extensions**").

The CN Extensions were passed as an ordinary resolution by the independent shareholders (the "**Shareholders**") of the Company at the special general meeting (the "**SGM**") on 21 June 2024. All conditions set out in the Amendment Deeds with the respective 2020 Noteholders have been fulfilled, and the completion took place on 26 June 2024. Details can be referred to the CN Announcements and the circular of the Company dated 31 May 2024.

## MANAGEMENT VIEW ON GOING CONCERN

As disclosed in the corporate governance report contained in the 2023 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) 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 are still in progress;
- (b) the extension of the maturity date of the 2020 Convertible Notes until the date falling on the second (2nd) anniversary of the completion of the Amendment Deeds entered into between the Company and each of the 2020 Noteholders on 24 April 2024, were completed on 26 June 2024;
- (c) the Group is in the negotiation with the counterparty (the “**Other Creditor**”) of other payables related to consideration for acquisition of subsidiaries due by the Group for extending the repayment due dates;
- (d) the Group is actively taking measures to increase the profitability of the Group’s coal operation in order to improve the operating cash flows and its financial position; and
- (e) the Group is actively seeking external facilities and fund raising opportunities.

### 2017 Noteholder

Reference made to the announcement (the “**April 2022 Announcement**”) of the Company dated 19 April 2022, pursuant to Rule 3.7 of the Takeovers Code. Unless the context otherwise requires, capitalised terms used herein shall have same meaning as those defined in the April 2022 Announcement. As disclosed in the April 2022 Announcement, the Company was in discussions with the Potential Offeror and the Other Potential Investors, Mr. Zhang, and the 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 negotiating 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**

On 24 April 2024, the Company entered into the Amendment Deeds with each of the 2020 Noteholders, pursuant to which the Company and the 2020 Noteholders conditionally agreed to the CN Extensions.

The CN Extensions were passed as an ordinary resolution by the independent Shareholders at the SGM on 21 June 2024. All conditions set out in the Amendment Deeds with the respective 2020 Noteholders have been fulfilled, and the completion took place on 26 June 2024. Details can be referred to the section headed “**Extension of The Maturity of The 2020 Convertible Notes**”, the CN Announcements and circular of the Company dated 31 May 2024.

## **Other Payables**

On 3 November 2022, the Group received a demand letter from the legal advisers acting on behalf of Other Creditor, 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 Creditor on the repayment.

## **Coal Operating Business**

In the first half of 2024, to enhance the profitability of its coal operations, the Group planned to expand its business by introducing coal mixing and the sale of mixed coal. This new initiative will build upon the Group’s existing coal-related operations. The coal mixing and processing facility for this venture is scheduled to be established at the PRC Property. On 29 May 2024, Gujiao Jiayi, as the lessor, and Hengbaitai entered into a lease agreement for the PRC Property, which is effective for a term of three years from 1 June 2024 to 31 May 2027. Additionally, the company has invested approximately RMB2,035,000 (equivalent to approximately HK\$2,261,000) in machinery for the coal mixing business. For further details, please refer to the Company’s announcement dated 29 May 2024 and 18 June 2024 respectively.

In the second half of the year, the Group will continue to adhere to the general strategy of making progress while maintaining stability and solidly promoting high-quality development. The Group is confident in its future financial stability and expects a steady cash inflow to enhance its overall financial position.

## **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 2024. The Company will continue to exercise its best endeavours to resolve the audit modification within the year ending 31 December 2024.

## **SHARE CAPITAL AND CAPITAL STRUCTURE**

As at 30 June 2024 and 31 December 2023, 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 2024 and 31 December 2023.

## **FOREIGN EXCHANGE EXPOSURE**

For the period ended 30 June 2024, 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**

Save for the deconsolidation of Shanxi Coal Group (details of which are disclosed in the section headed “**Management Discussion And Analysis – Business Review – Coal Mining Business**”), the Group did not have any material acquisition or disposal of subsidiary during the six months ended 30 June 2024.

## **CONTINGENT LIABILITY AND CAPITAL COMMITMENTS**

The Group had no material contingent liability as at 30 June 2024 and 31 December 2023.

The Group had no capital commitments for the acquisition of property, plant and equipment which were contracted but not provided for as at 30 June 2024 (as at 31 December 2023: approximately HK\$321,450,000).

## **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 2024, the Group employed approximately 37 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 2024, there was no incident of non-compliance with the relevant laws and regulations that significantly impacted the Group as far as the Board is aware.

## **PROSPECT**

Despite the recent loss of voting power on the board of its key coal mining subsidiaries in January 2024, several promising factors support the potential for short-term recovery and growth. The Company is poised to launch a strategic rebuilding initiative that includes securing new premises for coal operations, upgrading to state-of-the-art equipment, and incorporating advanced technologies to enhance operational efficiency. Additionally, the recent rise in coal prices in Shanxi, combined with increasing inflationary pressures, presents both challenges and opportunities in the market. Furthermore, the region's stable economic environment, characterized by steady GDP growth, provides a favorable backdrop for investment. The Company will also focus on capturing a significant market share through improved operational efficiencies and innovative practices. By implementing a comprehensive financial recovery plan and actively engaging with investors, the company aims to navigate these challenges effectively. This approach underscores the importance of strategic reinvestment, diversification, and vigilant risk management to achieve sustainable development and secure a competitive position in the coal sector.

## **OTHER INFORMATION**

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, including the sale of treasury shares (as defined under the Listing Rules). As at 30 June 2024, the Company did not hold any treasury shares.

### **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 2024. 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, including the sale of treasury shares (as defined under the Listing Rules). As at 30 June 2024, the Company did not hold any treasury shares.



## **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 C1 of the Listing Rules for the six months ended 30 June 2024 except for the following deviation:

Code provision C.2.1 of the CG Code, provides that 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 2024, 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 three (3) 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 of 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 2024.

## **PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2024 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 2024 interim report containing all the information required by the Listing Rules will be available 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, 30 August 2024

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