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GREEN LEADER HOLDINGS GROUP LIMITED
綠領控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 61)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Green Leader Holdings Group Limited (the "**Company**", together with its subsidiaries as the "**Group**") hereby announces the audited results of the Group for the year ended 31 December 2019 together with the comparative figures for the corresponding year in 2018 as follows:

HIGHLIGHTS

Financial Highlights

	For the year ended 31 December		
	2019	2018	Change
	HK$'000	*HK$'000*	*HK$'000*
Revenue	**944,258**	1,004,636	(60,378)
Gross profit	**100,148**	136,761	(36,613)
Loss for the year	**(1,204,859)**	(2,483,103)	1,278,244
Loss attributable to owners of the Company	**(695,650)**	(1,182,062)	486,412

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	4	**944,258**	1,004,636
Cost of sales and services rendered		**(844,110)**	(867,875)
Gross profit		**100,148**	136,761
Other operating income	4	**69,350**	7,128
Selling and distribution expenses		**(4,206)**	(4,173)
Administrative and other operating expenses		**(590,958)**	(348,174)
Change in fair value of derivative component of convertible loan notes		**22,843**	235,973
Impairment loss on mining rights, net		**(336,249)**	(2,571,010)
Impairment loss on property, plant and equipment, net		**(160,102)**	(278,692)
Loss allowance on other receivables		**(9,149)**	–
Finance costs	5	**(415,590)**	(331,158)
Loss before taxation	6	**(1,323,913)**	(3,153,345)
Income tax credit	7	**119,054**	670,242
Loss for the year		**(1,204,859)**	(2,483,103)
Attributable to:			
Loss attributable to owners of the Company		**(695,650)**	(1,182,062)
Loss attributable to non-controlling interests		**(509,209)**	(1,301,041)
		(1,204,859)	(2,483,103)
Loss per share *(HK cents)*			
Basic	9	**(7.96)**	(16.17)
Diluted	9	**(7.96)**	(16.17)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
Loss for the year	**(1,204,859)**	(2,483,103)
Other comprehensive expense for the year		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference on translation of foreign operations:		
– Exchange difference arising during the year	**(5,875)**	(175,229)
– Reclassification adjustments relating to foreign operations disposed of in the year	**(13)**	–
Other comprehensive expense for the year	**(5,888)**	(175,229)
Total comprehensive expense for the year	**(1,210,747)**	(2,658,332)
Total comprehensive expense attributable to:		
Owners of the Company	**(697,339)**	(1,240,192)
Non-controlling interests	**(513,408)**	(1,418,140)
	(1,210,747)	(2,658,332)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**1,699,009**	1,788,156
Mining rights		**5,273,466**	6,018,475
Intangible assets		**18,299**	12,234
Goodwill		**–**	–
Deposits paid for acquisition of land use rights		**35,946**	35,946
Deposits paid for acquisition of property, plant and equipment		**22,910**	46,321
		7,049,630	7,901,132
Current assets			
Inventories		**16,456**	2,081
Trade receivables	*11*	**55,904**	173,512
Prepayments, deposits, bills receivables and other receivables		**43,796**	148,693
Amounts due from related companies		**5,750**	7,579
Amounts due from directors		**233**	4
Derivative component of convertible loan notes		**28,719**	7,356
Bank balances and cash		**45,788**	19,538
		196,646	358,763
Current liabilities			
Trade payables	*12*	**1,796**	2,039
Other payables		**613,013**	601,566
Amount due to a director		**13,108**	14,508
Amounts due to non-controlling interests holders		**1,128,128**	706,633
Other borrowings		**23,202**	14,101
Obligation under finance leases		**–**	36,213
Liabilities component of convertible loan notes		**660,722**	–
Derivative component of convertible loan notes		**850**	2,330
Lease liabilities		**8,548**	–
Income tax liabilities		**5,096**	28,294
		2,454,463	1,405,684
Net current liabilities		**(2,257,817)**	(1,046,921)
Total assets less current liabilities		**4,791,813**	6,854,211

	Note	**2019** HK$'000	2018 HK$'000
Capital and reserves			
Share capital	*10*	**87,732**	73,110
Reserves		**(2,542,167)**	(1,901,661)
Deficit attributable to owners of the Company		**(2,454,435)**	(1,828,551)
Non-controlling interests		**1,552,400**	2,065,414
Total (deficit)/equity		**(902,035)**	236,863
Non-current liabilities			
Amounts due to non-controlling interests holders		**3,805,546**	4,023,875
Provision for restoration, rehabilitation and environmental costs		**75,914**	74,279
Liabilities component of convertible loan notes		**–**	641,679
Amounts due to related companies		**159,576**	148,742
Other payables		**508,478**	423,590
Obligation under finance leases		**–**	382
Lease liabilities		**20,486**	–
Deferred tax liabilities		**1,123,848**	1,304,801
		5,693,848	6,617,348
		4,791,813	6,854,211

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL

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

The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is Units 2001−2, 20/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. The Directors consider HK$ is the appropriate presentation currency for the users of the Group's financial statements. The functional currency of the Company's major subsidiaries in the People's Republic of China ("**PRC**") and the Kingdom of Cambodia ("**Cambodia**") are Renminbi ("**RMB**") and United Stated dollars ("**US$**") respectively.

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

Going concern basis

The Group incurred a loss of approximately HK$1,204,859,000 for the year ended 31 December 2019 and as at that date, the Group had net current liabilities and net liabilities of approximately HK$2,257,817,000 and approximately HK$902,035,000 respectively whereas its bank balances and cash amounted approximately to HK$45,788,000 only as at the same date. Besides, included in the net current liabilities of the Group, there are convertible loan notes issued in 2017 by the Company with net carrying amount of approximately HK$254,708,000 ("**2017 Convertible Loan Notes**"). 2017 Convertible Loan Notes will be matured on 10 July 2020, and up to the date of this announcement, the Company is negotiating with the holder of 2017 Convertible Loan Notes for extending its repayment due date.

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

The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2019 after taking into consideration of the following:

i) Subsequent to 31 December 2019, non-controlling interests holders had confirmed that the repayment of the amounts due by the Group of approximately HK$3,946,492,000 shall be extended by 3 years upon the maturity dates and they shall demand immediate settlement of the amounts due by the Group of approximately HK$987,182,000 on 31 December 2021;

ii) On 22 April 2020, the Company entered into the conditional subscription agreements with (i) three independent subscribers in relation to the subscription of 487,827,170 new ordinary shares ("**New Shares**") of the Company ("**Subscription A**"); and (ii) eleven independent subscribers in relation to the subscription of 1,264,148,900 New Shares ("**Subscription B**"). Subscription price under Subscription A is HK$0.0212 per New Shares while subscription price under Subscription B is ranged from HK$0.019 to HK$0.0212 per New Shares. Both Subscription A and Subscription B were completed on 13 May 2020;

After taking into account the professional fee of HK$150,000 incurred in each of Subscription A and Subscription B, the net proceeds from Subscription A is approximately HK$10,192,000, of which HK$9,000,000 will be used for repayment of indebtedness of the Group while the remaining proceeds of HK$1,192,000 will be used as general working capital of the Group. Net proceeds from Subscription B is approximately HK$25,698,000 and that was set off against the debts due to the eleven subscribers under Subscription B, and there is no impact on the Group's cash flows;

iii) The Group is in the negotiation with the holder of 2017 Convertible Loan Notes to restructure the repayment timetable of the Company's financial obligations; and

iv) As at 31 December 2019, included in the current liabilities of the Group was derivative component of convertible loan notes of approximately HK$850,000 which represented the fair value of options entitling the holders to convert the convertible loan notes into ordinary shares of the Company before the maturity dates of the convertible loan notes and the early redemption option. Such derivative component of convertible loan notes shall not in itself result in any cash outflow for the Group;

v) External facilities shall be available to the Group.

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

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

(i) Successfully negotiating with the holder of 2017 Convertible Loan Notes to restructure the repayment timetable of the Company's financial obligations; and

(ii) Successfully obtaining external facilities for fulfilling its other existing financial obligations.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayments Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)–Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entities was approximately to 12%.

		At 1 January 2019
	Note	*HK$'000*
Operating lease commitments disclosed as at 31 December 2018		66,271
Lease liabilities discounted at relevant incremental borrowing rates		46,251
Less: Recognition exemption − short-term leases		(6,053)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		40,198
Add: Obligations under finance leases recognised at 31 December 2018	*(a)*	36,595
Lease liabilities as at 1 January 2019		76,793

	HK$'000
Analysed as:	
Current	45,121
Non-current	31,672
	76,793

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Note	Right-of-use assets HK$'000
Rights-of-use assets relating to operating leases recognised upon application HKFRS 16		40,198
Amounts included in property, plant and equipment under HKAS 17		
− Assets previously under finance leases	*(a)*	48,486
		88,684

Note (a): In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to approximately HK$48,486,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of approximately HK$36,213,000 and approximately HK$382,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 *HK$'000*	Adjustments *HK$'000*	Carrying amounts under HKFRS 16 at 1 January 2019 *HK$'000*
Property, plant and equipment	1,788,156	40,198	1,828,354
Total of non-current assets	7,901,132	40,198	7,941,330
Lease liabilities	–	45,121	45,121
Obligations under finance leases	36,213	(36,213)	–
Total of current liabilities	1,405,684	8,908	1,414,592
Net current liabilities	1,046,921	8,908	1,055,829
Total assets less current liabilities	6,854,211	31,290	6,885,501
Lease liabilities	–	31,672	31,672
Obligations under finance leases	382	(382)	–
Total of non-current liabilities	6,617,348	31,290	6,648,638
Net assets	236,863	–	236,863

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

Amendments to HKFRSs Annual Improvements to HKFRSs 2015–2017 Cycle

The annual improvement packages amended the following four standards.

HKAS 12 Income Taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

HKAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

HKFRS 3 Business Combinations

The amendments clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

HKFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its previously held interest in the joint operation. Such adoption does not have any material impact on the consolidated financial position and the financial result of the Group.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but not yet effective:

HKFRS 17	Insurance Contract[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Expect for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

– include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

– replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

– include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

– reintroduces the terms stewardship and prudence;

– introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;

– discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;

– states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and

– discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual period beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. SEGMENT INFORMATION

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

Cassava starch operation	–	Provision of cultivation and processing of cassava starch for sale
Mining operation	–	Geological survey, exploration and development of coal deposits, and selling of coking coal and other coal products
Coal operation	–	Provision of coal trading and logistics services
Systems integration services and software solutions	–	Sales of information technology products, provision of systems integration services, technology services, software development and solution services

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

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

Segment 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	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
For the year ended 31 December										
REVENUE										
Sales to external customers	**202**	23,131	**944,056**	980,902	**–**	–	**–**	603	**944,258**	1,004,636
RESULTS										
Segment loss	**(9,938)**	(600)	**(779,392)**	(2,986,918)	**–**	–	**(89,406)**	(30,492)	**(878,736)**	(3,018,010)
Change in fair value of derivative component of convertible loan notes									**22,843**	235,973
Unallocated income									**1,122**	699
Unallocated expenses									**(53,552)**	(40,849)
Finance costs									**(415,590)**	(331,158)
Loss before taxation									**(1,323,913)**	(3,153,345)

The Group has initially applied HKFRS 16 at 1 January 2019 using modified retrospective approach. Under this approach, comparative information is not restated (see Note 2).

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of central administrative expenses, including directors' and chief executive's emoluments, change in fair value of derivative component of convertible loan notes, certain other income and finance costs. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

For the purpose of assessment by the CODM, the finance cost of amounts due to non-controlling interests holders, advances drawn on discounted bills and leases 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	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Types of goods or services										
Sales of goods										
– Raw coals	**–**	–	**607,017**	980,902	**–**	–	**–**	–	**607,017**	980,902
– Cleaned coals	**–**	–	**318,259**	–	**–**	–	**–**	–	**318,259**	–
– Other coal products	**–**	–	**18,780**	–	**–**	–	**–**	–	**18,780**	–
– Computer products	**–**	16,675	**–**	–	**–**	–	**–**	–	**–**	16,675
– Cassava starch	**–**	–	**–**	–	**–**	–	**–**	603	**–**	603
Provision of system integration services and software solution	**202**	6,456	**–**	–	**–**	–	**–**	–	**202**	6,456
	202	23,131	**944,056**	980,902	**–**	–	**–**	603	**944,258**	1,004,636
Timing of revenue recognition										
A point in time	**202**	16,675	**944,056**	980,902	**–**	–	**–**	603	**944,258**	998,180
Over time	**–**	6,456	**–**	–	**–**	–	**–**	–	**–**	6,456
	202	23,131	**944,056**	980,902	**–**	–	**–**	603	**944,258**	1,004,636

Notes:

(i) For sales of raw coals, cleaned coals, other coal products, computer products and cassava starch, revenue is recognised when control of goods has transferred, being when the goods have been accepted by customers (acceptance) after goods delivered to the specific location or picked up by customers. Following acceptance, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when on selling the goods and bear the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 60 days (2018: 30 to 60 days) upon acceptance.

(ii) All performance obligations of sales of raw coals, cleaned coals, other coal products, computer products and cassava starch and provision of system integration services and software solution are part of contracts with an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

ii) Other operating income

	2019	2018
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**–**	290
Gain on disposal of subsidiaries	**1,119**	550
Interest income *(Note (a))*	**57**	99
Rental income	**–**	34
Government grants *(Note (b))*	**29,902**	–
Sundry income	**4,292**	4,110
Waiver of other payables	**33,980**	2,045
	69,350	7,128

Notes:

(a) Interest income, which earned from bank deposits, were derived from financial assets not at fair value through profit or loss.

(b) Government grants mainly represent subsidies granted by the government authority to compensate the Group's relocation expenses already incurred with no future related costs to be incurred. There is no unfulfilled condition or contingencies relating to such government subsidies recognised.

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Effective interest expenses on convertible loan notes	**119,196**	70,190
Interest on other borrowings and advances drawn on discounted bills	**2,944**	11,812
Interest on lease liabilities/obligation under finance lease	**8,961**	18,602
Interest on amounts due to non-controlling interests holders	**353,232**	359,163
Total interest expense on financial liabilities not at fair value through profit or loss	**484,333**	459,767
Less: amounts capitalised in construction in progress	**(71,866)**	(131,885)
Imputed interest for provision for restoration, rehabilitation and environmental costs	**3,123**	3,276
	415,590	331,158

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. For the details, please refer to Note 2.

6. LOSS BEFORE TAXATION

	2019	2018
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	**2,550**	2,000
Amortisation of mining rights included in cost of sales	**315,756**	407,944
Amortisation of intangible assets	**2,318**	1,659
Amounts of inventories recognised as expense:		
– System integration services and software solutions and cassava starch operation	**195**	23,270
– Mining and coal operations	**843,915**	844,605
	844,110	867,875

7. INCOME TAX CREDIT

	2019	2018
	HK$'000	*HK$'000*
Current tax expense:		
PRC Enterprise Income Tax (the "**EIT**")	**43,946**	78,369
Deferred tax credit	**(163,000)**	(748,611)
Income tax credit	**(119,054)**	(670,242)

(i) 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 the BVI.

(ii) No provisions for Hong Kong Profits Tax have been made for subsidiaries established in Hong Kong as these subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax for both years.

(iii) Profits of the subsidiaries established in the PRC are subject to PRC EIT.

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

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

8. DIVIDENDS

No dividend was paid or proposed for both years ended 31 December 2019 and 2018, nor has any dividend been proposed since the end of the reporting period.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$695,650,000 (2018: approximately HK$1,182,062,000) and the weighted average number of ordinary shares of 8,741,551,014 (2018: 7,310,365,348) in issue during the year.

For the years ended 31 December 2019 and 2018, no adjustment has been made to the basic loss per share presented as the impact of the share options had anti-dilutive effect on the basic loss per share amount presented.

The calculation of diluted loss per share for the years ended 31 December 2019 and 2018 does not assume the conversion of all convertible loan notes, since these conversions would result in an anti-dilutive effect on loss per share.

10. SHARE CAPITAL

	Number of shares		**Share capital**	
	2019	2018	**2019**	2018
			HK$'000	*HK$'000*
Ordinary shares				
Authorised:				
At 1 January	**200,000,000,000**	20,000,000,000	**2,000,000**	2,000,000
Share subdivision *(Note a)*	**–**	180,000,000,000	**–**	–
At 31 December	**200,000,000,000**	200,000,000,000	**2,000,000**	2,000,000
Issued and fully paid:				
At beginning of the financial year	**7,311,032,014**	7,296,746,300	**73,110**	729,675
Issue of shares upon:				
Conversion of convertible loan notes *(Note b)*	**–**	14,285,714	**–**	1,428
Share reduction *(Note a)*	**–**	–	**–**	(657,993)
Placing of new ordinary shares *(Note c)*	**1,462,200,000**	–	**14,622**	–
At the end of the financial year	**8,773,232,014**	7,311,032,014	**87,732**	73,110

Notes:

a. Pursuant to a special resolution passed by shareholders at the special general meeting held on 31 October 2018, capital reorganisation was completed by way of (i) a reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK$0.09 on each of the issued existing shares so that the nominal value of each issued share will be reduced from HK$0.10 to HK$0.01; (ii) a subdivision of each authorised but unissued existing shares of HK$0.10 (which shall include the authorised but unissued share capital resulting from the capital reduction) into ten new shares of HK$0.01 each; and (iii) a transfer of the credit arising from the capital reduction to the contributed surplus account of the Company.

   Upon the capital reorganisation taking effect, the authorised share capital will be HK$2,000,000,000 divided into 200,000,000,000 new shares of HK$0.01 each, of which 7,311,032,014 shares are issued. All ordinary shares rank equally with regard to the Company's residual assets.

b. On 18 January 2018, a holder of 2013 Convertible Loan Notes converted principal amounts approximately HK$10,000,000 into 14,285,714 ordinary shares of the Company.

c. On 14 December 2018, the Company entered into a placing agreement with a placing agent for placing a maximum of 1,462,200,000 ordinary shares (the "**Placing Shares**") of the Company at a placing price of HK$0.04 per shares. On 9 January 2019, 1,462,200,000 Placing Shares were placed by certain independent third parties at a subscription price of HK$0.04 per share. The Company raised approximately HK$58,170,000 (net of directly attributable expenses of approximately HK$318,000).

11. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables (net of loss allowance)	**55,904**	173,512

The Group normally grants to its customers credit periods ranging from 30 days to 60 days (2018: from 30 days to 60 days) which are subject to periodic review by management.

The ageing analysis of the trade receivables, net of impairment losses recognised, based on the invoice dates at the end of the reporting period was as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**55,785**	136,685
31 days to 60 days	**–**	36,706
61 days to 90 days	**–**	–
91 days to 180 days	**–**	–
181 days to 365 days	**–**	–
Over 365 days	**119**	121
	55,904	173,512

12. TRADE PAYABLES

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

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**–**	242
31 days to 60 days	**–**	–
61 days to 90 days	**–**	–
91 days to 180 days	**16**	16
181 days to 365 days	**–**	–
Over 365 days	**1,780**	1,781
	1,796	2,039

The average credit period on purchases of goods is 90 days (2018: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

13. COMMITMENTS

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

(a) Commitments under operating leases

The Group is the lessee in respect of certain of its office premises, lands for coal mines operations and staff quarters which were previously classified as operating lease under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (Note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position. Leases for properties are negotiated for a term ranging from two years to three years and rentals are fixed. Certain leases for lands for coal mines operations are negotiated for a term ranging from ten years up to the end of the coal mines operations.

As at 31 December 2018, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fell due as follows:

	2018 *HK$'000*
Land and buildings:	
− within one year	13,754
− in the second to fifth years inclusive	33,692
− over five years	18,825
	66,271

(b) Other capital commitments

	2019 ***HK$'000***	2018 *HK$'000*
Contracted but not provided for in respect of:		
− acquisition of property, plant and equipment	**207,362**	292,247
− acquisition of land use rights in Cambodia	**462,915**	462,915
	670,277	755,162

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the Independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2019.

"**Disclaimer of Opinion**

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

Basis for Disclaimer of Opinion

Multiple uncertainties relating to going concern

As described in Note 1 to the consolidated financial statements, the Group incurred a loss of approximately HK$1,204,859,000 during the year ended 31 December 2019 and as at that date, the Group had net current liabilities and net liabilities of approximately HK$2,257,817,000 and approximately HK$902,035,000 respectively whereas its bank balances and cash amounted to approximately HK$45,788,000 only as at the same date. Besides, included in the net current liabilities of the Group, there are convertible loan notes issued in 2017 by the Company with net carrying amount of approximately HK$254,708,000 ("**2017 Convertible Loan Notes**"). As further set out in Note 25 to the consolidated financial statements, 2017 Convertible Loan Notes will be matured on 10 July 2020, and up to the date of this report, the Company is negotiating with the holder of 2017 Convertible Loan Notes for extending its repayment due date.

These conditions, together with other matters described in Note 1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The Directors have been undertaking certain measures as set out in Note 1 to the consolidated financial statements to improve the Group's liquidity and financial position. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including (i) successful negotiation with the holder of 2017 Convertible Loan Notes to restructure the repayment timetable of the Company's financial obligations (the "**Negotiation**"); and (ii) whether external facilities will be available to the Group for fulfilling its other existing financial obligations. Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to reclassify the Group's non-current assets and non-current liabilities as current assets and current liabilities respectively, to write down the carrying values of the Group's assets to their recoverable amounts and to provide for any further liabilities which may arise. The effect of these adjustments have not been reflected in the consolidated financial statements."

MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL REVIEW

FINANCIAL REVIEW

Loss for the year

For the year ended 31 December 2019, the Group had recorded a loss of approximately HK$1,204,859,000 (2018: approximately HK$2,483,103,000), representing a significant decrease of loss of approximately HK$1,278,244,000 or 51%.

The decrease in the loss for the year was mainly attributable to the combined effects of the factors as stated below:

(i) Revenue

The slightly decrease in revenue from approximately HK$1,004,636,000 for the year ended 31 December 2018 to approximately HK$944,258,000 for the year ended 31 December 2019 due to the decrease in the sales quantities of the mining products in the year;

(ii) Gross profit

The decrease in gross profit from approximately HK$136,761,000 for the year ended 31 December 2018 to approximately HK$100,148,000 for the year ended 31 December 2019 as the proportion on the decrease in costs of sales and services rendered is less than the decrease in revenue;

(iii) Impairment loss in respect of mining right and property, plant and equipment

For the year ended 31 December 2019, impairment loss in respect of mining rights and property, plant and equipment of approximately HK$496,351,000 (2018: approximately HK$2,849,702,000). The decrease in estimated value in use amount of the Group's coal mines located in Shanxi Province ("**Shanxi**"), the People's Republic of China ("**PRC**") was the result of the change of production schedules of certain coal mines and decrease in gross profit ratio of coal mines business adopted for an independent valuation report as at 31 December 2019. For more details regarding the valuation of coal mines, please refer to the section headed "Valuation of coal mines" stated later;

(iv) Administrative and other operating expenses

The increase in administrative and other operating expenses from approximately HK$348,174,000 for the year ended 31 December 2018 to approximately HK$590,958,000 for the year ended 31 December 2019 is due to the combined effects of decrease in legal and professional fees, increase in relocation and removal expense and impairment recognised in respect of prepayments;

(v) Gain on disposal of subsidiaries

Gain on disposal of subsidiaries for the year ended 31 December 2019 was approximately HK$1,119,000 (2018: approximately HK$550,000), which represent the gain on the disposal of entire issued capital of direct and indirect wholly-owned subsidiaries of the Company in both years; and

(vi) Finance costs

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

For the year ended 31 December 2019, finance costs amounted to approximately HK$415,590,000 (2018: approximately HK$331,158,000), increasing by approximately HK$84,432,000 resulting from the increase in total borrowing costs and partially offset by the decrease in interest expenses capitalised. Interest expenses capitalised over the years decreased from approximately HK$131,885,000 to approximately HK$71,866,000 as two more mines are operated during the year which no capitalisation is allowed.

Loss attributable to owners of the Company

For the year ended 31 December 2019, the loss attributable to owners of the Company was approximately HK$695,650,000 (2018: approximately HK$1,182,062,000), mainly due to the decrease in impairment loss in respect of mining rights, and property, plant and equipment of approximately HK$496,351,000 for the year 2019 while an impairment loss of approximately HK$2,849,702,000 for the year 2018.

Valuation of coal mines

The decrease in recoverable amounts of coal mines as at 31 December 2019 was mainly due to the change of production schedules of certain coal mines and decrease in gross profit ratio of coal mines business. Greater China Appraisal Limited ("**Greater China**"), an independent qualified professional valuer, estimated the recoverable amounts of the coal mining business based on income approach using a discount rate of 13% (31 December 2018: 13%) and expected cleaned coal price of RMB885 per tonne (31 December 2018: expected raw coal price of RMB517 per tonne) based on information obtained from Shanxi.

The operation of the Bolong Mine was further delayed due to the notice request of rectification measures issued by the related authorities in 2019. And the reorganisation and consolidation proposal of Bolong Mine and Xinfeng Mine is approved by Shanxi government in February 2020. Please refer to "Business Review" section for details.

Greater China has consistently applied the income approach for the valuation of coal mines as at 31 December 2019, 31 December 2018 and 31 December 2017 (the "**Reporting Periods**") respectively. The income approach is applied for this valuation as the economic benefit streams can be identified and ascertained based on the mining plans and planned capital expenditure to be incurred, as well as other cost estimates. This method is commonly used in, and widely accepted for, the valuation of mineral assets and resources project. The key assumptions and parameters in the valuation of coal mines as at the Reporting Periods are set out as below:

	Reporting Periods		
	31 December 2019	31 December 2018	31 December 2017
Methodology	**Income Approach**	Income Approach	Income Approach
Key Assumptions			
1. Production Schedule			
– Safe Production Date			
Bolong Mine	**First quarter of 2021**	Third quarter of 2019	Second quarter of 2018
Fuchang Mine	**Operating**	Operating	Operating
Jinxin Mine	**Operating**	Third quarter of 2019	Second quarter of 2018
Liaoyuan Mine	**Operating**	Third quarter of 2019	Second quarter of 2018
Xinfeng Mine	**Note II**	Third quarter of 2020	First quarter of 2019
2. Raw Coal Price (per tonne)	**–**	RMB517	RMB780
Cleaned Coal Price (per tonne)	**RMB885**	–	–
3. Discount Rate (post-tax)	**13%**	13%	16%

		Reporting Periods	
	31 December 2019	31 December 2018	31 December 2017
Methodology	**Income Approach**	Income Approach	Income Approach
Key Assumptions			
4. Mine Operating Costs, Capital Expenditures and Production Schedule (annual production)	**Based on technical report issued by John T. Boyd ("JT Boyd") in 2017**	Based on technical report issued by JT Boyd in 2017	Based on technical report issued by JT Boyd in 2017
5. Allowable annual working days	**276 days**	276 days	276 days

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

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

DIVIDEND

Final Dividend

Directors do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

BUSINESS REVIEW

Overview

The Group has been focusing on accelerating sustainable industries in coal and agro-related businesses in the financial year 2019. The Group is principally engaged in (i) the development of cassava cultivation and deep processing business for the related ecological cycle industry chain; (ii) coal exploration and development, sale of coking coal and other coal products and the provision of coal trading and logistics services; and (iii) the sale of information technology products, provision of system integration services, technology services, software development and solution services.

Coal mining business

Despite the continuing posing challenges for constructions delay uncertainty, the financial performance in the year 2019 of the coal mining business has been promising for the Group overall. The Group has five coking coal mines located in Gujiao, Taiyuan City, Shanxi, the PRC, three of which had fully commenced in operation and the remaining two coal mines were undergoing constructions in the year.

The coal mines in operation during the year were Fuchang Mine, Jinxin Mine and Liaoyuan Mine, which entered the joint trial operation in October 2016, August 2018 and September 2018 respectively, passed the inspection for completion in January 2017, December 2018 and December 2018 respectively and obtained 《安全生產許可證》 (the Permit for Safe Production*) in April 2017, April 2019 and March 2019 respectively. Regarding of Fuchang Mine, with the expected production capacity of 600,000 tonnes per year, in December 2017, 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 the recognition date. In June 2018, Fuchang Mine became one of the three coal mines of Taiyuan City to participate in the appraisal for "安全高效礦井" (Safe and Highly Efficient Mines*) organised by China National Coal Association and passed the appraisal. In additions, the expected production capacity of Jinxin Mine is 450,000 tonnes per year while Liaoyuan Mine is 600,000 tonnes per year.

To facilitate the structural reform by the state on the supply side of coal, coal enterprises are required to support the implementation of policies on dissolving excessive capacity. Moreover, as the state tightens requirements on and ramps up inspection efforts in the design, safety, and environmental protection aspects of coal mines under construction, relevant policies and regulations issued in recent years on safety and environmental protection applicable to the coal industry become increasingly stringent and refined.

As affected by the policies, the Group's coal mines under construction inevitably experienced construction delay or suspension, therefore reducing the effectiveness of construction period during the year, leading to further extension of the respective construction period. As such, the critical production stages of the two coal mines under construction faced significant uncertainties.

In February 2020, the mine reorganisation and consolidation proposal for Bolong Mine and Xinfeng Mine is approved by the Shanxi government. The expected production schedule for Sale Production Date of Xinfeng Mine is after finishing the production of Bolong Mine. Also, the Shanxi government approved the expected production capacity of Jinxin Mine can be increased from 450,000 tonnes per year to 600,000 tonnes per year. As the above reorganisation and changes will be effective only certain conditions are fulfilled such as the statutory records are updated and the required work are done.

* *For identification purpose only*

With the increasing demand of the coal and our strengths, the Group is planning to expand its coal mining business. The Group is seeking the opportunities in the world regarding the coal mining business.

Thus, during the year, the Company and the potential vendor entered into the memorandum of understanding in relation to the possible acquisition of the equity interest which the potential seller is currently beneficially holding the exploration rights of the coal mines in Galilee Basin, Queensland, Australia. Details can be referred to the Company's announcement dated 29 July 2019.

On 25 May 2020, the Company and vendor entered into the sale and purchase agreement regarding acquisition of minority interest in a coal mining company in which the Company has conditionally agreed to purchase, and the vendor has conditionally agreed to sell, the sale shares. Completion is conditional upon the fulfillment or waiver of the conditions. Details can be referred to the Company's announcement dated 25 May 2020.

Cambodia business

Although (i) a cassava processing factory in Cambodia has been disposed in July 2019; and (ii) a piece of land in Cambodia has been disposed in September 2019, the Group still has other assets in Cambodia and is seeking other business opportunities related to cassava-based agricultural and deep processing business in Cambodia.

Fund raising activity – placing of new shares under general mandate (the "Placing")

As disclosed in the Company's announcements dated 14 December 2018 and 9 January 2019, all the conditions set out in the placing agreement have been fulfilled and the completion of the Placing took place on 9 January 2019, where an aggregate of 1,462,200,000 Placing Shares have been successfully placed and issued to not less than six placees, at the placing price of HK$0.04 per Placing Share pursuant to the terms and conditions of the placing agreement.

The gross and net proceeds (after deducting placing commission and other relevant costs and expenses) from the Placing amounted to approximately HK$58,488,000 and approximately HK$58,170,000 respectively. The net issue price of the Placing Share is approximately HK$0.04 per Placing Share. The Company applied the net proceeds up to HK$40,000,000 for repayment of indebtedness of the Group and the remaining balance thereof will be utilised towards business development of the Group in Cambodia and general working capital.

Subsequent events

Subscription of Shares

Reference is made to the Company's announcements dated 22 April 2020, 27 April 2020, 4 May 2020 and 6 May 2020 in relation to (a) the proposed issue of 487,827,170 new Shares under General Mandate to three independent subscribers; and (b) the proposed issue of 1,264,148,900 new Shares under General Mandate to eleven independent subscribers for settlement of the Outstanding Indebtedness. Unless the context requires, capitalised terms used herein shall bear the same meanings as those defined in the Announcements.

For Subscription A, the gross proceeds are approximately HK$10,342,000 (the net proceeds are approximately HK$10,192,000) and have been applied towards repayment of indebtedness and the general working capital of the Group. For Subscription B, the gross proceeds are approximately HK$25,848,000 (the net proceed are approximately HK$25,698,000) and have been used to set off against the Outstanding Indebtedness.

All the conditions set out in the subscription agreements for Subscription A and Subscription B have been fulfilled and the completion of took place on 13 May 2020, where an aggregate of 487,827,170 new Shares (Subscription A) and 1,264,148,900 new Shares (Subscription B) have been successfully issued and allotted to the Subscribers pursuant to the terms and conditions of the Subscription Agreements.

Share Consolidation

Reference was made to the Company's circular dated 5 June 2020 and the Company's announcements dated 8 May 2020, 29 May 2020 and 26 June 2020 in relation to, among others, the proposed share consolidation. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined.

The Share Consolidation has been terminated as the resolution was not passed by the Company's shareholders at the SGM on 26 June 2020. Details can be referred to the Company's announcement dated 26 June 2020.

Environmental, social and corporate responsibility

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

The Environmental, Social and Governance Report conducted by a professional third party for year 2019 will be published separately in compliance with the requirements of the Rules Governing the Listing of securities on the Stock Exchange (the "**Listing Rules**").

PROSPECTS

It is a breakthrough development to the Group in 2019 which three coking coal mines are operating in the year while there is only one coking coal mine operating in 2018. Besides, the sales strategy is changed to selling the cleaned coals rather than the raw coals starting from the fourth quarter of 2019 which the profit margin is higher.

The outbreak of Novel Coronavirus Disease ("**COVID-19**") in PRC and the quarantine and transportation and travel restriction measures imposed by the government in early 2020 to prevent further spread of COVID-19 have had the negative effect to the mining operation of the Group, which the coal mines in Shanxi, the PRC were suspended in February 2020. The Group has implemented certain controls to minimise the impact of COVID-19 to the operation and the mining operation have been gradually resumed and returned to normal operation step by step since March 2020. The Group keeps monitoring the development of the COVID-19 outbreak and assesses the relevant impacts on the Group in the future.

Amid the global epidemic crisis and the associated economic turmoil, the Group will keep a close eye on both PRC and overseas markets. The Group intended to seize more business opportunities including but not limited to the coal mining and also looking forward to the potential stimulating effects on economy resulting the counter-cyclical policies imposed by the governments around the world subsequent to the crisis. Thus, the Company has entered into the sale and purchase agreement with the vendor conditionally for acquisition of the equity interest which the vendor owns the exploration rights of the coal mines in Australia on 25 May 2020. Australia is the largest country in terms of coal net export and also the top four country of coal production. Most of the coal products of Australia are sold to Asian countries. The Group should be benefit from this potential synergy in between the coal mines in PRC and Australia.

LIQUIDITY AND FINANCIAL RESOURCES

Total Equity

As at 31 December 2019, the Group recorded total assets of approximately HK$7,246,276,000 (2018: approximately HK$8,259,895,000), which were financed by total liabilities of approximately HK$8,148,311,000 (2018: approximately HK$8,023,032,000) and total deficit of approximately HK$902,035,000 (2018: total equity approximately HK$236,863,000).

Gearing

As at 31 December 2019, the Group's gearing ratio as computed as the Group's other borrowings, lease liabilities, liabilities component of convertible loan notes over total deficit/equity was approximately 79% (2018: 292%).

Liquidity

The Group had total cash and bank balances of approximately HK$45,788,000 as at 31 December 2019 (2018: approximately HK$19,538,000). The Group did not have any bank borrowings for both years.

CHARGE ON ASSETS

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

TREASURY POLICIES

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

CONTINGENT LIABILITY AND CAPITAL COMMITMENTS

The Group had no material contingent liability as at 31 December 2019 and 2018.

The Group had capital commitments for the acquisition of property, plant and equipment which were contracted but not provided for as at 31 December 2019 of approximately HK$670,277,000 (2018: approximately HK$755,162,000).

FOREIGN EXCHANGE EXPOSURE

For the year ended 31 December 2019, the Group earned revenue in RMB and incurred costs in HK$, RMB, US$ and KHR. Although the Group currently does not have any foreign currency hedging policy, it does not foresee any significant currency exposure in the near future. However, any permanent or significant change in RMB against HK$, may have possible impact on the Group's results and financial positions.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2019, the Group employed approximately 662 full time employees in Hong Kong, Cambodia and the PRC. The Group remunerates its employees based on individual and business performance. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2019.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules throughout the year ended 31 December 2019 and as at the date of this announcement.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 12 June 1999 with clear written terms of reference. And the terms of reference of Audit Committee had been revised on 10 December 2018 and became effective from 1 January 2019.

As at the date of this announcement, the Audit Committee comprised three members, all of whom were independent non-executive Directors. The composition of the Audit Committee is Mr. Lam Chi Wai (chairman of the Audit Committee), Mr. Lyu Guoping and Mr. Jin Xuliang. Mr. Lam Chi Wai is a member and a practicing member of the HKICPA, a fellow member of the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. None of the members is a partner or former partner of Crowe (HK) CPA Limited, the Group's external auditor (the "**Auditor**").

The Audit Committee meets at least twice a year to review (i) the annual and interim results and the accompanying auditor's reports, (ii) the accounting policies and practices adopted by the Company, and (iii) the financial, risk management and internal control systems of the Company.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee had reviewed the Group's audited consolidated financial statements for the year ended 31 December 2019 and had submitted its view to the Board.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2019, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by the Auditor on this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2019, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 14 of the Listing Rules. The Board will continue to review and monitor the Company's corporate governance practices to ensure compliance with the Code.

The Directors acknowledge their responsibility for the preparation of the Company's financial statements and that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. It is also the responsibility of the Directors to ensure the timely publication of the Company's financial statements. During the year, the management has provided sufficient explanation and information to the Board to enable it to make an informed assessment of the financial and other information put before it for approval including the monthly updates on the Company's performance, position and prospects.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") set out in Appendix 10 of the Listing Rules has been adopted as the code for regulating Directors' securities transaction for the Company. In response to specific enquiries made, all the Directors confirmed that they had complied with the Model Code in their securities transactions throughout the year 2019.

PUBLICATION OF THE RESULTS AND ANNUAL REPORT

This announcement can be accessed on both the Stock Exchange's and the Company's website via http://www.hkex.com.hk and http://www.greenleader.hk. The 2019 Annual Report of the Company, which contains the detailed results and other information of the Company pursuant to Appendix 16 of the Listing Rules, will be despatched to the Shareholders and published on the Stock Exchange's website and the Company's website within the prescribed period.

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

Hong Kong, 30 June 2020

In the event of any inconsistency, the English version of this announcement shall prevail over the Chinese version.

As at the date of this announcement, the Directors are:

Executive Directors
Mr. Zhang Sanhuo
Mr. Tse Michael Nam (Chief Executive Officer)
Ms. Zhang Tingting

Non-executive Director
Mr. Chang Che-Fa

Independent non-executive Directors
Mr. Lam Chi Wai
Mr. Lyu Guoping
Mr. Jin Xuliang